



Retail and Main Town Centre Uses Study Update 2021

South Somerset District Council

August 2021

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1. Introduction

Scope and Purpose

- 1.1 This report has been prepared by Avison Young ('AY') for South Somerset District Council ('the Council') in relation to retail and town centre planning policy issues in order to inform the South Somerset Local Plan Review ('the Local Plan Review'). At the present time, the main part of the evidence base for retail and town centre issues associated with the Local Plan Review is the Retail and Main Town Centre Uses Study 2017¹ ('the 2017 retail study'). However, the Council is in the process of preparing for the next round of consultation for the Local Plan Review – the Publication stage, expected in mid-2022 and has identified the need for the update to the 2017 retail study update to cover the following areas:
- a review of the content of the 2017 retail study and its continued relevance to the Local Plan Review evidence base, taking into account material changes in circumstance over the past four years.
 - a review of recent / current retail and town centre trends, including shopping via the internet and the on-going effects of the COVID-19 pandemic, and how these trends will affect the future of town centres in South Somerset (and regeneration schemes in these locations).
 - the implications of the recent changes to the Use Classes Order, particularly Use Class E and the new permitted development rights associated with residential uses.
 - the implications of updates to national planning policy and guidance on retail and town centre issues.
 - advice on planning policies for development proposals within and outside of defined town centres, along with the definition of boundaries and frontages in town centres and the imposition of thresholds for the 'impact' policy test.
- 1.2 The current development plan in South Somerset District comprises the South Somerset Local Plan 2006-2028 ('the adopted Local Plan'), which was adopted in March 2015. The evidence base for the adopted Local Plan comprised the South Somerset Retail Study Update 2012. Since the adoption of the Local Plan the 2017 retail study was completed and provides a comprehensive review of retail, leisure and town centre issues, including retail trends, the need for new retail floorspace and other town centre uses, the locations to accommodate any identified needs and also advice on the content of planning policies. The purpose of this current study is not to completely supersede the 2017 retail study but, instead, to provide a focused update in relation to those areas where there has been a material change in circumstances since 2017.

¹ prepared by Lichfields

- 1.3 Given that the preparation of this study has been undertaken during the COVID-19 pandemic (including the latest period of 'lockdown' in Winter / Early Spring 2021), AY and the Council have agreed to focus on a number of specific areas which can make a meaningful contribution to the Local Plan Review. Whilst the collection of data relating to shopping patterns across the District would, in normal circumstances, make an important contribution to a retail-related evidence base research document, recent 'lockdown' measures mean that such surveys may not be able to accurately ascertain a true picture. This aspect will need to be kept under review by the Council, with consideration given to whether future surveys are required for the purposes of informing the Local Plan Review.

Contents of this Report

- 1.4 The remainder of this report is structured in the following manner:
- Section 2 outlines the current national planning policy and legislative landscape in relation to retail, leisure and town centre land use issues, along with the current position of SSDC's Local Plan Review.
 - In order to set the scene for our recommendations regarding SSDC's evidence base library on retail and town centre planning policy issues, Section 3 provides a review of the 2017 retail study and highlights the areas where further updates are required.
 - In Section 4 we provide a review of current retail trends across the convenience and comparison goods sectors, including shopping via the internet and the on-going effects of the COVID-19 pandemic.
 - Taking into account the content of the previous sections of this report, Section 5 provides a set of recommendations regarding retail and town centre planning policies for the Local Plan Review.
 - Section 6 records our conversations with key stakeholders whose interest relates to town centre issues across the main town centres in South District, including a number of regeneration projects.
 - Finally, in Section 7, we provide a summary of the content of this report, including the recommendations to SSDC.
- 1.5 All documents referred to in the main text of this report can be found in appendices contained at the rear of this document.

2. The Current Retail and Town Centre Planning Policy / Legislative Landscape

The National Planning Policy Framework ('NPPF') (July 2021)

- 2.1 At the time of the 2017 retail study, the original 2012 version of the NPPF was the main source of national planning policy. However, the NPPF has since been revised (in July 2018) and was updated again in February 2019 and July 2021. Therefore, it is important to record the changes in national policy since the completion of previous evidence base documents in order that it can inform advice on local development plan retail and town centre planning policies for the Local Plan Review.
- 2.2 The changes between the 2012 and 2018/2019 versions of the NPPF, insofar as they relate to retail and town centre issues, are as follows:
- Whilst the two main policy tests for proposals outside of town centres (and not in accordance with an up to date development plan) remain the sequential and impact tests, the 2018 and 2019 versions of the NPPF has clarified the issue of availability of alternative sites (in the sequential test) as being available within 'a reasonable period of time'. However, there is no definition (or guidance) as to what is 'a reasonable period of time' in the context of proposals for main town centre uses.
 - The revisions to the NPPF have deleted the formal requirement for local authorities to define primary and secondary retail frontages in development plan. The latest NPPF still requires local authorities to define town centre boundaries and primary shopping areas.
 - Whilst the requirement to allocate sites to meet identified needs remains, the revised NPPF indicates that this should be at least ten years ahead, rather than the full plan period as previously advised.
 - The revised NPPF does not now provide any guidance on how 'needs' should be assessed for main town centre uses (previously quantitative and qualitative indicators were cited).
- 2.3 Finally, the one notable amendment in the July 2021 version of the NPPF is the revision to national policy on Article 4 Directions. The existence of Article 4 Directions has been in place for some time and they are used to restrict permitted development rights in certain specific instances. The revised version of paragraph 53 of the NPPF notes that:

"The use of Article 4 directions to remove national permitted development rights should:

- where they relate to change from non-residential use to residential use, be limited to situations where an Article 4 direction is necessary to avoid wholly unacceptable adverse impacts (this could include*

the loss of the essential core of a primary shopping area which would seriously undermine its vitality and viability, but would be very unlikely to extend to the whole of a town centre)

- *in other cases, be limited to situations where an Article 4 direction is necessary to protect local amenity or the well-being of the area (this could include the use of Article 4 directions to require planning permission for the demolition of local facilities)*
- *in all cases, be based on robust evidence, and apply to the smallest geographical area possible”.*

- 2.4 The updated policy does not loosen the tight controls over the imposition of Article 4 Directions, although given the changes to the use classes order and permitted development rights (see later in this section), the government has acknowledged that Directions may be appropriate in focused parts of certain town centres where the loss of certain main town centre / Class E uses would undermine town centre health.

National Planning Practice Guidance ('NPPG')

- 2.5 Following initial publication in 2014, the NPPG on town centre planning policy was updated in July 2019 and again in September 2020. The latest version sets out the recommended content of town centre strategies, the indicators which are useful for planning for town centres and high streets, the permitted development rights which are available in relation to main town centre uses and also how local authorities should approach the application of the sequential and impact tests in terms of both plan making and development management issues. The NPPG also provides guidance on setting a locally appropriate impact assessment threshold which is considered in further detail in Section 7 of this document.

Other Considerations

Permitted Development and the Use Classes Order

- 2.6 In recent years, in response to the on-going challenges faced by town centres and high street retailers (and other commercial uses) national government introduced more flexibility into the permitted development rights system. Permitted development has long been an element of the planning system in England although, over time, further flexibility has been introduced in order to allow for changes, in certain circumstances, between some main town centre land use classes.
- 2.7 Since the 2017 retail study there have been two major changes in the use classes order and permitted development right. First, in July 2020, the government introduced a significant change to the land use classes order. The changes came into effect on the 1st September 2020 and revoked Parts A and D of the existing use classes order. A note summarising these changes can be found in Appendix I.

2.8 In relation to retail and main town centre uses, the changes were as follows:

- A new Class E is to be introduced which will encompass the former A1, A2, A3, B1a, B1b, B1c and part of the D2 use class (for gyms and indoor recreational facilities)².
- The former A4 and A5 uses will now become sui generis uses, as will part of the former Class D2 uses comprising cinemas, concert halls, bingo halls and dance halls. The remaining former Class D2 uses (community halls, swimming pools, skating rinks and outdoor sport and recreation uses) are now placed into Use Class F2.
- The uses within the former Class D1 are split between the new Use Class E (health care uses, creches, day centres) and the new Use Class F1 (schools, museums, libraries, halls courts and places of worship).

2.9 Following the September 2020 use class order changes, the Government has now announced permanent changes to permitted development rights (following a transitional period between September 2020 and July 2021), which focus upon changes to residential use, refinement of rights in relation to office to residential use, and the expansion of rights under the new class MA. These came into effect from 1st August 2021.

2.10 The key aspects of the August 2021 changes can be summarised as follows:

- Previous permitted development rights under classes O and M (office to residential and retail to residential) ended on 31st July 2021.
- The introduction of the new class MA (business and commercial to residential) and its expansion to include the whole of Use Class E (shops, offices, restaurants/cafes, health services, gyms, nurseries and leisure).
- Permitted development to change from Use Class E (commercial, business and service) to a use falling within Use Class C3 (dwellinghouses) will be subject, in certain circumstances, a number of prior approvals. There will also be limitations / exclusions, including the introduction of a size limit of 1,500sq m per building. Previously, in relation to the change from office to residential, there was no upper size limit.
- The automatic exclusions to this new right include buildings on land covered by, or within the curtilage of, designations such as SSSIs, Listed Buildings, a scheduled monument, an AONB, or a

² Not involving vehicles or firearms

World Heritage Site. It is notable that Conservation Areas are not included in these automatic exclusions.

- In order to take advantage of this new right, a developer must apply to the local planning authority for a determination as to whether prior approval of the authority will be required in relation to one or more of the following factors:
 - transport
 - noise
 - flooding
 - contamination
 - residential amenity
 - in the case of buildings located in Conservation Areas³ consideration to be given to the impact of the change of use on the character or sustainability of the Conservation Area.
- It will also be noted that there has been a key change by the new Class MA: the removal of any consideration of the impact on the high street (for existing uses falling within the new Use Class E⁴). This has the potential to be very significant for town centre high streets.
- To benefit from Class MA, the use of the building must have fallen within Class E or one or more of the uses that it replaced for at least two years continuously prior to the date the prior approval application is made. However, there is some debate as to whether the building must have been in the same use or mix of uses for the two year period.
- The building must have been vacant for a continuous period of at least 3 months immediately prior to the date of the application for prior approval. A prior approval application can be made to change the use of part of the building only. The vacancy test applies to the building, but as the definition of a building in the GPDO relates to part of a building this might mean the vacancy test is only required for the part of the building to be converted. However, there is nothing in the regulation to stop a landlord making the property purposely empty, and no requirement to demonstrate the property has been marketed to prospective tenants in its current use, leaving many to suspect it will not present a significant barrier to take-up of the new right.
- The permitted development right under Class MA does not include any building operations (i.e. it does not include the external alterations allowance that was afforded by Class M). This means that a building must be both standards compliant from the outset but also capable of being

³ involving the change of use of part or all of the ground floor of the building

⁴ up until 31st July 2021 the 'impact on the high street' was a test for prior approval for uses outside of Class E

converted in its current form. It is therefore considered by some that planning permission will be required in the majority of cases for external alterations to the building, including new doors and windows and other external details.

- 2.11 It should be noted that these changes have attracted some controversy in some parts of the property and built environment sectors, with a key focus being on their effect on the future of town centres. Whilst limitations and conditions remain in place, there is a general sense of concern in some quarters that some high streets could potentially suffer and this may have prompted the inclusion of specific reference to town centres in Article 4 Direction policy in the July 2021 version of the NPPF.

3. Review of 2017 Retail Study

Introduction

- 3.1 As noted in Section 1 of this report, the 2017 retail study provided a comprehensive review and assessment of a number of key issues facing the retail sector and town centres across South Somerset. The 2017 study utilised the most up to date data available at that time to consider issues relating to retail and other town centre land use needs, food and non-food shopping patterns, town centre health issues, the content of development plan policies and designations, retail trends and the ability of certain locations to accommodate identified needs.
- 3.2 However, the retail sector is a fast-moving sector and, in any event, four years have now elapsed since the completion of the 2017 retail study. Therefore, it will be important for this study to consider which aspects of the previous study may have experienced a material change in circumstances over the intervening period. For ease of reference, we have structured our review of the 2017 retail study using the same section headings as the 2017 document. For the avoidance of doubt, the scope for this current study does not seek to assess the following: an updated assessment of need for retail and other town centre uses, assessment of development sites and a review of car parking provision.

Retail Trends

- 3.3 Whilst trends across many land use sectors covered by a development plan evidence base library are subject to on-going change and evolution, the retail sector (and how it affects the health of town centres) has arguably been the most fast-moving and volatile over recent years. Change and evolution have been influenced by a number of factors, including the influence of the wider UK economy, changing shopping habits, structural change in the retail sector and the influence of retail and leisure development both within and outside of 'town centres'. These influences have, of course, been compounded by the on-going effects of the global COVID-19 pandemic. Therefore, as set out in the Council's brief for this current study, there is a clear requirement for an updated assessment of retail trends and this is provided in Section 4 of this document.

Retail Expenditure Forecasts

- 3.4 Over the past two decades, it has been common for providers of retail expenditure data to release annual updates to their retail expenditure forecasts and associated data (such as spending on retail goods via the internet). The 2017 retail study utilised economic forecasts published by Experian in November 2016 and since that time there have been four subsequent releases of economic forecasts. Therefore, whilst the brief from the Council for this study does not extend to an updated assessment of quantitative need for retail floorspace, it is possible to provide a comparison between the forecast

utilised by the 2017 retail study and the latest available forecasts published by Experian in October 2020. This comparison is performed in the next section of this report, and also includes an assessment of the changing nature of spending via the internet.

Planning Policy Analysis

- 3.5 The final area where an update is potentially required is in relation to planning policy. Since the 2017 retail study, national planning policy and guidance has been updated and, as set out in the previous section of this report, secondary legislation has been introduced to (A) revise the Use Classes Order; and (B) revise permitted development rights.
- 3.6 These changes have a potential influence over the following areas:
- the content of development management policies for town centre development proposals;
 - the definition of boundaries and frontages within town centres; and
 - the content of development management policies for main town centre land use proposals located outside of defined 'town centres'.
- 3.7 Our advice on these aspects, including any recommended updates to the 2017 retail study, are contained in Section 5 of this report.

4. Retail and Town Centre Trends

Introduction

- 4.1 A common and necessary introductory part of any retail and town centres evidence base study is to set the context in terms of recent, current and potential future trends in the economy. This section of the study provides this analysis, although the on-going and uncertain effects of the world-wide COVID-19 pandemic mean that forecasts may be subject to change due to the fast-moving circumstances of the pandemic. Therefore, this section provides the following information and analysis:
- The potential scenarios for the UK economy as a consequence of the COVID-19 pandemic;
 - A review of the prospects for the UK economy and retailing in pre-COVID-19 'normal' circumstances; and
 - Information on how the COVID-19 pandemic is affecting retailing and town centres.
- 4.2 Prior to the outbreak of COVID-19 in the UK, the UK economy slowed over 2019, with growth sliding to a 7 year low by the end of the year. The period was dominated by heightened Brexit uncertainty and a weaker global economy. Against this backdrop, business investment declined for the second year in a row and exports remained sluggish. Consumer spending also lost momentum, reflecting low confidence and lacklustre incomes growth. The outcome of the December 2019 general election removed near-term political uncertainty, empowering the government to push forward with spending pledges and EU withdrawal plans. At the start of 2020, the latest indicators pointed to a pick-up in business confidence and investment intentions. Housing market surveys also suggested that activity had been rebounding and consumer sentiment had also improved.
- 4.3 On the global front, a partial easing in trade disputes and loosening in monetary policy was encouraging. That said, lingering uncertainty over the outcome of the next phase of Brexit negotiations had expected to curb the pace of any investment recovery. Forecasts from Experian assumed an orderly transition to a new free trade agreement, but significant risks remain around the process, not least because of the extremely tight timetable (and now heightened by COVID-19). A post-Brexit deal has been reached, which has improved business confidence, although early 'teething problems' and the need for businesses to become used to the new arrangements are likely to have an effect on trading conditions through 2021. Alongside this, forecasts on the recovery in consumer spending predict it to remain muted, reflecting modest incomes growth. Against this backdrop, GDP growth was predicted to remain on a slower growth trajectory of 1-1.5% over 2020 and 2021, well below the performance of earlier years.

COVID-19

- 4.4 The advent of COVID-19 has, and continues to have, a huge effect on all aspects of life around the world. Given that the full implications of COVID-19 are not yet able to be fully understood and predicted, Experian have outlined, in 2020, four potential scenarios and their potential characteristics. Experian's analysis and the various scenarios are outlined below.
- 4.5 The outbreak of COVID-19 will have a considerable impact on the UK and global economies. Due to the unprecedented nature of the event and absence of hard data, it is impossible at this point to be confident of the scale and duration of the outbreak and the economic consequences of the measures to limit contagion. Hence, all forecasts will be subject to greater than usual uncertainty and volatility.
- 4.6 Based upon forecasts released in 2020, Experian's view is that the V-shape cases (i.e. the profile of the forecast) outlined below are, on-balance, the more likely trajectories based on the scale of response from the UK and other governments. However, it should be noted from the outset of this analysis that the UK and global economy has never experienced a pandemic such as this in modern times and the situation remains fast-moving. Indeed, whilst the UK started to ease certain 'lockdown' measures in June and July 2020, including the re-opening of non-essential shops (in controlled conditions), a second wave of infections in Autumn/Winter 2020 occurred and another 'lockdown' was imposed. As a consequence, the content of this analysis should be seen as 'a point in time' and it will be important for the Council to keep matters under review during the life of preparing the Local Plan Review.
- 4.7 The scenarios provided by Experian assume that the government follows the Imperial College ('ICL') recommendations for an Adaptive Suppression approach to managing the epidemic. This would involve an intensive period where a number of interventions (case isolation, household quarantine, social distancing of the whole population and closure of schools and universities) would be implemented until the number of cases falls below an acceptable threshold.
- 4.8 ICL recommended maintaining these interventions for 5 months, which is assumed to be followed in all scenarios except the V-shape case (3 months). To support the effectiveness of the suppression measures, the government has enforced periods of 'lockdown' involving the temporary closure of non-essential businesses and activities. Thereafter, it would be possible to relax these measures as long as hospital cases remained below a target threshold.

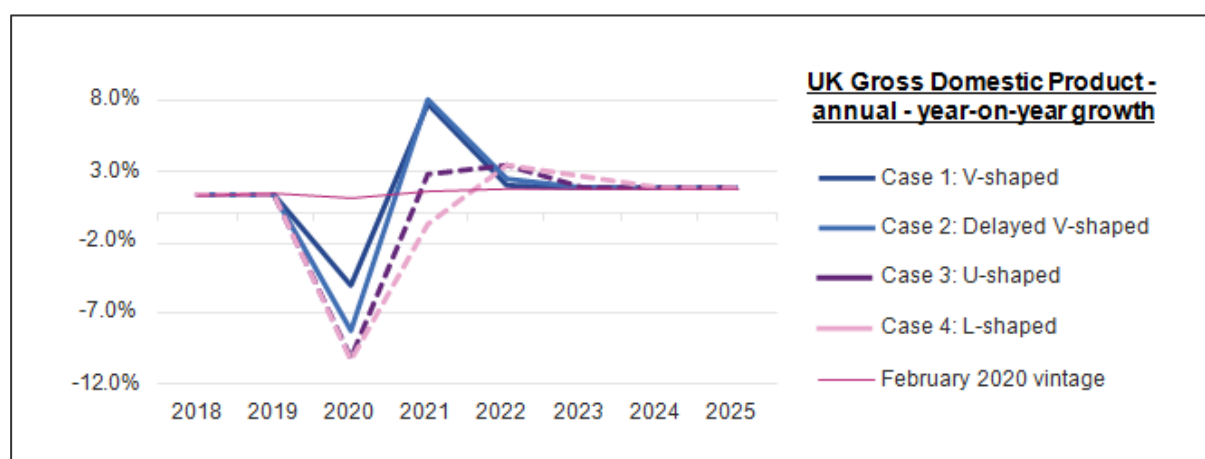
Scenario Overview

- 4.9 Figure 3.1 below shows the various forecast scenarios for year-on-year growth in UK Gross Domestic Product ('GDP') up until 2025. In cases 1 and 2, the COVID-19 outbreak is contained relatively swiftly allowing GDP to rebound strongly in a V-shape following a sharp decline in Q2, with minimal long-term

scarring. Case 3 has the virus contained in the same timeframe as case 2, however the economic impacts are more severe due to additional shocks arising from a tightening in credit conditions and further declines in Sterling. This results in a U-shaped, rather than V-shaped recovery. In case 4, the scale of the credit crunch and the Sterling declines are significantly deeper. As the economy emerges from the severe containment phase, it enters an extended period of stagnation/very subdued growth.

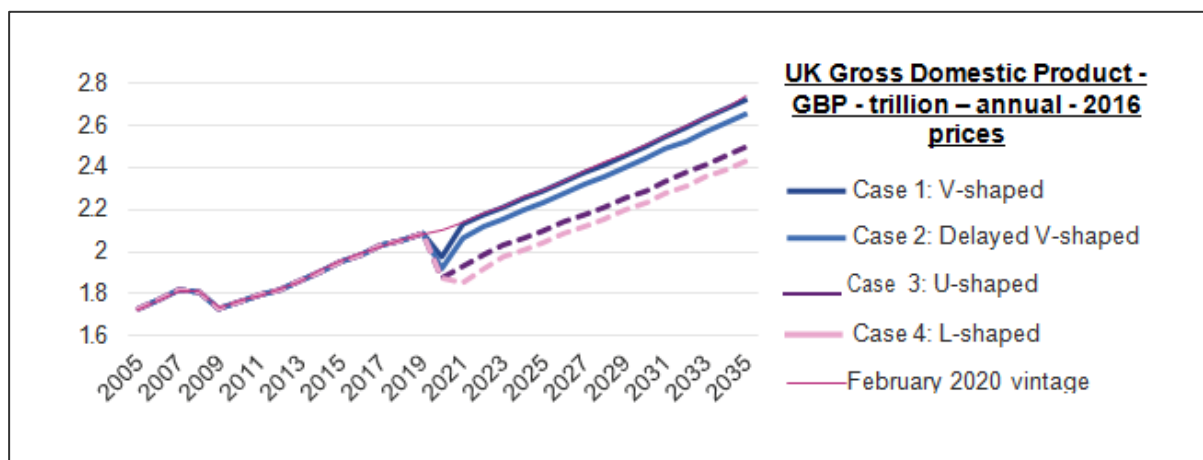
- 4.10 However, it should be noted that these forecasts were released by Experian earlier in 2020 and the imposition of another period of lockdown is likely to have put back the period for recovery. As a consequence, the timeframes outlined below may need to be put back several months, despite the recovery process being aided by the development of a series of vaccines in 2020 and further ones in 2021.

Figure 4.1: forecast UK GDP per annum



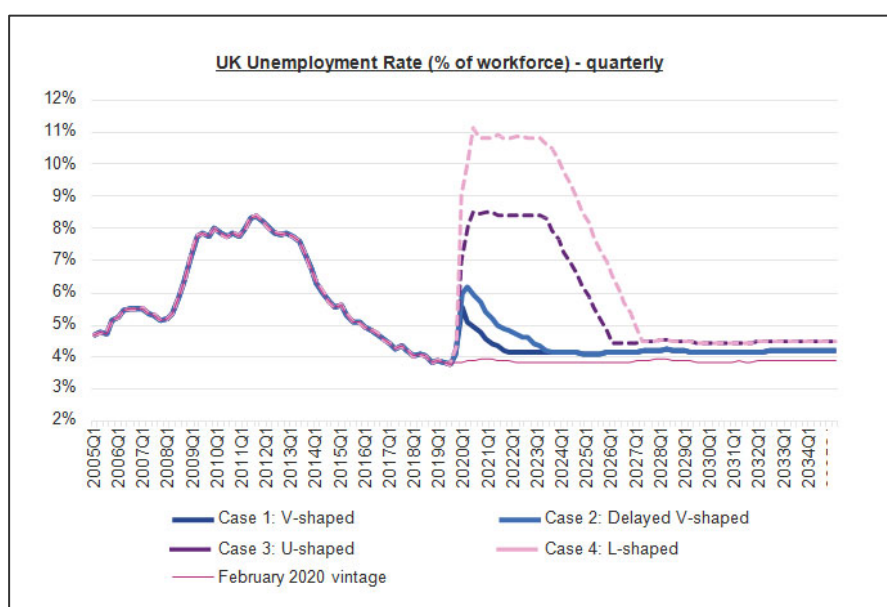
- 4.11 In levels terms, the lost output in the first half of 2020 is quickly recovered in the first two cases. However, it persistently lags behind where Experian were projecting in their February 2020 forecast. The U and L shaped cases show a more gradual recovery. In the former, it takes roughly five years for all lost output to be recovered, broadly in line with the experience following the global financial crisis. In the latter, it takes longer still.

Figure 4.2: GDP growth



- 4.12 The government has announced a range of measures to mitigate the impact on households and businesses and, at the time of writing, it appears that further policies may follow.
- 4.13 In cases 1 & 2, the fiscal response is expected to successfully rein in the rate of job shedding.
- 4.14 The unemployment rate is anticipated to rise sharply and substantially in the second quarter of the year, as a range of sectors of the economy such as retail, leisure and hospitality, reduce staff.
- 4.15 In cases 3 and 4, the government measures to protect jobs are assumed to be far less successful, and the unemployment rate holds stubbornly high.

Figure 4.3: forecast UK employment rate



Scenario 1: V Shaped Recovery

- 4.16 In this case, the suppression policy goals are achieved faster than the ICL's estimates and the timescales around securing a vaccine are also at the optimistic end of the estimates. Technology and infrastructure are sufficiently enhanced to enable speedy tracking and response times, so infection rates stay low and incidents remain localised. Wholesale suppression strategies are avoided and intensive global efforts secure a vaccine with sufficient stockpiles built to begin rollout to the 'at-risk' population group before the end of 2020.
- 4.17 In this scenario, the economic impacts are limited by the optimistic timeframes involved in bringing the epidemic under control. The reduction in infection rates triggers a swift rebound in investor, business and consumer confidence. Financial markets rebound and Sterling recovers. The tightening in credit conditions proves mild and short lived. Alongside this, mitigation efforts by the government prevent large scale job shedding and business insolvencies, which enables activity to recover relatively swiftly as workers return to normal working hours, businesses re-open and delayed investments are restarted.
- 4.18 Since devising this scenario, experience throughout 2020 has indicated that it was too optimistic in a number of areas and can now be largely discounted.

Scenario 2: Delayed V Shaped Recovery

- 4.19 In this case, the suppression policy adopted is in line with the ICL's recommendations for 5 months of intensive action. Also, the timescales around securing a vaccine are at the midpoint of the range of the ICL's estimates of 12 to 18 months. Numbers infected reduce rapidly and suppression measures begin to unwind, with the resurgence of cases well controlled. Technology and infrastructure are sufficiently enhanced to enable speedy tracking and response times, so infection rates stay low and incidents remain localised.
- 4.20 Wholesale suppression strategies are avoided and intensive global efforts secure a vaccine and sufficient stockpiles are built to begin rollout to the 'at-risk' population group by the end of 2020. The economic impacts vary from the V-shape case in the following ways:
- 4.21 The longer containment period leaves confidence subdued for longer in 2020, resulting in weaker outcomes for consumer spending and business investment.
- 4.22 The impact of government mitigation policies has a fair amount of success. A tightening in credit conditions proves mild and short lived, while Sterling stabilises. However, due to the longer containment period there are more job losses and business insolvencies than the V-shape case.

- 4.23 The economic recovery is V-shaped but postponed until 2021. The relatively longer period of weakness results in greater scarring than the V Shape case.

Scenario 3: U Shaped Recovery

- 4.24 In this case, the timescales for addressing the pandemic threat are the same as the Delayed V-shape recovery case, but the economic impacts are more severe due to additional shocks arising from a tightening in credit conditions and further declines in Sterling. The suppression policy adopted is in line with the ICL's recommendations for 5 months of intensive action. Also, the timescales around securing a vaccine are at the midpoint of the range of the ICL's estimates of 12 to 18 months.

Scenario 4: L Shaped Recovery

- 4.25 The main difference between this and the U-shape case is that the scale of the credit crunch and Sterling decline is significantly deeper. The assumptions around the timescales for bringing the pandemic under control remain similar. In this case, as the economy emerges from the severe containment phase, it enters an extended period of stagnation/very subdued growth.

Consumer spending

- 4.26 Household spending growth slowed to an 8 year low of 1.2% in 2019. Consumer appetite for durables, property and, in particular, cars was notably muted. Low confidence was a major drag, but tepid growth in household incomes was also a factor behind the lacklustre spending trend. Despite another year of robust labour market conditions, with over 300,000 jobs created, incomes growth averaged a disappointing 1% in 2019. A pick-up in wage growth and receding inflation also provided a boost to earnings growth. However, this was offset by a continued squeeze in welfare benefits and other incomes sources. Looking ahead, prospects for incomes remain mixed. A positive is the very benign inflation backdrop. Combined with the boost to wages from more generous public sector pay and uprating to the National Living Wage, the recovery in real wages was forecast to remain intact over 2019 / 2020. However, this will be offset by a projected slowdown in the pace of job creation to more sustainable levels. Another positive factor is the end of the freeze on working-age benefits, but the on-going roll out of other welfare reforms will continue to bite. Given this, real incomes were projected to rise on average by circa 1.3% in 2020 and consumer spending growth to remain in sub-1.5% territory. However, these predictions were outlined prior to the advent of the COVID-19 pandemic.

Retail

- 4.27 Retail sales volumes grew by 3% in 2019, the weakest reading since 2014. There was a marked slowdown in growth over the course of the year, reflecting low confidence and sluggish incomes. The weakening trend was concentrated in non-food stores, which started the year with growth above 4%

and ended with declines not seen since early 2012. Department stores and household goods retailers bore the brunt, suffering from a fall in sales of durable goods. Demand for household goods has suffered as the housing market remained in the doldrums for a second year. In contrast, sales from predominantly on-line retailers picked up momentum with growth rising to 15%, compared with 10% in 2018. As a consequence, even before the advent of COVID-19, prospects for retail sales remained subdued. Household incomes gains were set to remain modest in 2020 although whilst the government's furlough scheme has been hugely ambitious, incomes since March 2020 have been impacted significantly with job losses becoming significant (as certain sectors experience extreme impact on how COVID-19 affects businesses).

Medium term outlook

- 4.28 The UK left the EU on January 31st 2020 and entered a transition period which allowed continued access to the European single market while the next phase of negotiations take place. The transition period ended in December 2020 and a trade deal was struck at the end of this period.
- 4.29 Experian's forecasts assume an orderly adjustment to the new trading environment. As Brexit related uncertainty ends, business investment should recover. However, the resultant increase in trade barriers will result in lower productivity and export performance than would have otherwise been the case.
- 4.30 Alongside this, Experian predict that fiscal policy will be more supportive than over the past decade. The baseline forecasts only incorporate announced policy so there is scope for upside from the March 2020 Budget. The government's increased majority should clear the path for it to push forward with policy priorities on regional development, infrastructure and health.
- 4.31 At the present time, Experian have not revised their projections for productivity and potential GDP growth, which drive the outlook over the medium/longer term. For the 2022-26 period overall, GDP growth is expected to average 1.8% per annum, compared with 2.0% during 2010 to 2018 and 2.6% from 1981 to 2007. Alongside this, the consumer spending outlook is little changed, forecast to average 1.8%, with retail sales averaging 2.7%.

Long term outlook

- 4.32 The final terms of the new economic relationship between the EU and the UK remain a major consideration for the long term outlook and Experian's assumptions on this front are little changed from previous years. The baseline forecasts from Experian assume that the UK will continue to have access to the single market under the new arrangement. However, it is unlikely that the new terms will

be as favourable as full EU membership, which in turn impacts the long term outlook for trade, investment and GDP.

- 4.33 Population is forecast to expand on average 0.3% per annum over 2020-2040, which is below the average of 0.8% observed during 2005-2016. Productivity growth is expected to recover from recent lows to 1.4%, but will be well below the 2.4% averaged in the decade preceding the last recession. Given this, our long term GDP growth forecast remains at around 1.7%, below the historic long-term trend growth of 2.3%.
- 4.34 Revisions to the consumer spending outlook are minimal, with long term growth forecast at 2.2%, underpinned by gains in population and household incomes. However, downside risks clearly exist from a more marked slowdown in EU migration than projected.
- 4.35 The expansion in comparison goods volumes, averaging 3% per head to 2040 will be similar to the preceding decade but less buoyant than historic trends as key factors that boosted growth, notably the globalisation that subdued audio visual prices significantly, will not be repeated to the same degree.
- 4.36 Per head spending on convenience goods has slowed sharply in the last couple of years. Experian project that growth will remain a modest 0.1% over the long term, which is weaker than experienced in recent years but an improvement on the historic trend of annual 1% declines during 2000-2019.
- 4.37 With regards to retail expenditure, it is useful to compare the forecast annual changes in spending per head on convenience and comparison goods from the time of the 2017 retail study and the latest available forecasts from Experian. Table 4.1 below shows the year-on-year change from Experian's Retail Planner Briefing Note 14⁵ for 2017-2034, which was referenced in the 2017 retail study, and compares this against the latest forecasts from Experian's Retail Planner Briefing Note 18⁶ for the same time period. Whilst the time period for the Local Plan Review extends to 2040, we have sought in the following analysis to compare like-with-like in terms of the timeframe used in the 2017 retail study.
- 4.38 Table 4.1 indicates that the latest Experian forecasts are showing a higher rate of growth in per capita convenience goods spending: +4.6% up to 2034, compared with -0.1% from the time of the 2017 retail study. Whilst this is in part due to higher levels of actual growth between 2016 and 2018, the impact of the COVID-19 pandemic has also had an influence, with consumers switching spending from 'out of the house' food and beverage visits and some comparison goods shopping to convenience goods retailing.

⁵ November 2016

⁶ October 2020

Table 4.1: forecast year-on-year change in per capita convenience goods spending between 2017 and 2034

Year	2017 Retail Study (%)	Update Study (%)
2017	-0.1	1.9
2018	-0.9	1.0
2019	-0.1	-0.9
2020	0.0	8.4
2021	0.2	-6.2
2022	-0.1	0.2
2023	-0.1	0.0
2024	0.0	0.1
2025	0.0	0.1
2026	0.0	0.0
2027	0.1	-0.1
2028	0.1	0.0
2029	0.0	0.0
2030	0.1	-0.1
2031	0.2	0.0
2032	0.1	0.0
2033	0.2	0.1
2034	0.2	0.1
Change, 2017-2034	-0.1	+4.6

Source: Experian Retail Planner Briefing Notes 14 and 18

- 4.39 Table 4.2 undertakes a similar exercise for comparison goods per capita expenditure, using the same Experian Retail Planner Briefing Notes.

Table 4.2: forecast year-on-year change in all per capita comparison goods spending between 2017 and 2034

Year	2017 Retail Study (%)	Update Study (%)
2017	1.5	5.4
2018	0.9	3.4
2019	2.1	4.3
2020	2.9	-8.5
2021	3.3	6.5
2022	3.4	3.8
2023	3.4	3.6
2024	3.3	2.9
2025	3.1	2.8
2026	3.1	2.9
2027	3.1	2.9
2028	3.0	2.8
2029	3.1	2.9
2030	3.2	2.9
2031	3.4	2.9
2032	3.2	2.9
2033	3.3	2.9
2034	3.3	2.9
Change, 2017-2034	+52.6%	+50.2%

Source: Experian Retail Planner Briefing Notes 14 and 18

- 4.40 The above data shows very little difference between the total comparison goods (per capita) expenditure forecasts referred to in the 2017 retail study and the latest Experian forecasts. Growth up to 2031 (from 2016 levels) is now forecast to be slightly lower, at +50.2%.
- 4.41 However, as the data in Table 4.3 below shows, when spending on comparison goods via purely internet-based sales is stripped out of the forecasts then the differences are significant. At the time of the 2017 retail study, per capita spending via physical comparison goods stores (including internet-related sales associated with physical stores) was forecast to rise by circa +48.9% up to 2031. However, the latest comparable forecasts published by Experian show that forecast (per capita) expenditure growth up to 2031 will now be much lower at circa +33.3%.

Table 4.3: forecast year-on-year change in per capita comparison goods spending between 2016 and 2031 (excluding pure internet sales)

Year	2017 Retail Study (%)	Update Study (%)
2017	0.7	3.3
2018	0.3	2.0
2019	1.6	3.4
2020	2.3	-14.5
2021	2.9	8.1
2022	3.1	2.9
2023	3.2	2.7
2024	3.2	2.0
2025	3.1	1.9
2026	3.1	2.0
2027	3.0	2.1
2028	3.0	2.3
2029	3.1	2.4
2030	3.2	2.5
2031	3.3	2.5
2032	3.2	2.5
2033	3.3	2.6
2034	3.3	2.6
Change, 2017-2034	+48.9%	+33.3%

Source: Experian Retail Planner Briefing Notes 14 and 18. Figures include spending via the internet which is fulfilled via physical stores.

- 4.42 The continued increasing influence of comparison goods shopping via the internet is demonstrated by the figures in Table 4.4 below which show the rise in market share in this channel. At the time of the 2017 retail study, the market share of sales via the internet were forecast to rise from 13.8% in 2017 to 16.5% in 2034. The forecast level of growth to 2034 has now significantly increased to 21.8% in 2021 and 27.9% in 2034.

Table 4.4: market share of internet sales for comparison goods shopping, 2017-2034

Year	2017 Study (%)	Update Study (%)
2017	13.8	15.6
2018	14.4	16.8
2019	14.8	17.5
2020	15.3	22.9
2021	15.6	21.8
2022	15.8	22.5
2023	15.9	23.2
2024	16.0	24.0
2025	16.1	24.6
2026	16.1	25.2
2027	16.1	25.8
2028	16.2	26.2
2029	16.2	26.6
2030	16.3	26.9
2031	16.3	27.2
2032	16.4	27.4
2033	16.4	27.7
2034	16.5	27.9

Source: Experian Retail Planner Briefing Notes 14 and 18.

- 4.43 The differences between the data assumptions in the 2017 study and the latest forecasts help to put the quantitative need forecasts in the 2017 study into context. Whilst there has been a slight improvement in the forecast growth in per convenience goods expenditure, the improvement is not significant and would have to be weighed against changes in population growth and existing retail floorspace in any future assessment of quantitative need. The more significant change in available retail expenditure capacity is likely to relate to comparison goods (even leaving aside population growth and floorspace changes) and will be influenced by much lower forecast increases in available expenditure to high street / out of centre stores and the higher level of market share for internet shopping over the next decade.

Retail and Town Centre Trends

Internet Shopping

- 4.44 One of the key trends that has impacted on the retail sector and shopping patterns over the last decade has been the growth in internet shopping, which forms part of the definition known as 'special forms of trading' ('SFT'). Based on ONS data, Experian estimate that:
- The value of internet sales in 2019 was estimated to be £84.1bn (at current prices). This represents a +45% increase from £58bn recorded in 2016. Total non-store retail sales are estimated to amount to some £90.7bn in 2019 and is set to £203bn in 2036. To explain the differential in terms of growth

between all retailing and internet retailing, in 2019 overall retail growth was 3% whereas internet sales grew by 9.6%.

- The overall market share of internet sales, as a proportion of total retail sales, has increased nationally from 5.5% in 2006 to 20.2% in 2019. It is forecast by Experian to grow to 22% by 2021 and to 31% by 2036.

- 4.45 In relation to on-line grocery sales, most of the main national grocery businesses (apart from ALDI and Lidl) provide a delivery service, with Marks & Spencer recently entering the market in collaboration with Ocado. The entrance of Ocado to the online market in 2002 made a big impact upon the strategies of the traditional 'big four' grocers and led them to accelerate plans for the online channel. Ocado has a different type of operation to the traditional grocers whereby its orders are picked from warehouses (via robotics) whereas most orders from Tesco, ASDA, Waitrose etc are picked by staff in-store. The Ocado business model is very efficient but expensive to invest in initially.
- 4.46 In 2020 two particular factors have had a key influence on on-line grocery sales. The impact of COVID-19 meant that many people were reluctant to visit shops and the experience of using a foodstore, particularly in the first part of 'lockdown' become inefficient and time-intensive. This led to a significantly higher demand for on-line deliveries which the main grocers found it difficult to keep pace with. However, now that the initial shock has passed, grocers are trying to build in additional capacity and online sales have risen from 7% of the total grocery market at the start of 2020 to 13% by May 2020. Research by UBS in the UK found that 71% of those surveyed will shop online as often or more after the COVID-19 situation improves.
- 4.47 The other development in 2020 has been the decision by Amazon to start offering free grocery deliveries to its Prime members. Amazon's grocery offering is sourced from a range of sources including Morrisons, Booths and Whole Foods and is, in due course, likely to add capacity to the delivery network particularly in urban areas. Whilst Amazon customers are paying indirectly for the delivery service, this move does mirror Ocado's entrance into the market although the latter did subsequently introduce delivery charges in line with the other traditional grocery retailers.
- 4.48 The impact of COVID-19 has been even more significant for non-food shopping. Whilst a small amount of stores (classified as essential) remained open (under very strict controls) there has been a very significant shift to on-line sales, albeit subdued due to the furlough scheme and the risk of job losses. As data starts to emerge in relation to the easing of restrictions in Spring / Summer 2021, it would appear that there has been an initial bounce-back for high streets and retail parks although this may well be due to pent-up demand, with a number of commentators suggesting that once shopping

patterns settle down high street spending and footfall will not reach pre-pandemic levels, partly as a result of the increased reliance and choice to use online shopping channels.

Changing Retailer Requirements

- 4.49 The economic downturn, the growth in internet shopping and the continued demand for out-of-centre shopping has resulted in national retailers reviewing and rapidly adapting their business strategies over the past several years, including new store requirements and existing store formats to keep pace with the dynamic changes in the sector and consumer demand.
- 4.50 This is probably best illustrated by the changes in the grocery sector over the last 6-7 years. Following a sustained period of growth over almost 20 years up to 2009/10, principally driven by new store openings, the focus for the main grocery operators (i.e. Tesco, Sainsbury's, Asda, Waitrose and Morrisons) has shifted to growing market share through opening new smaller convenience store formats (such as Tesco Express, Sainsbury's Local and Little Waitrose), a better customer experience and online sales. In relation to online sales, following the original entrants into the market (Tesco, Ocado, Sainsburys and Asda), Morrisons joined a few years ago and Marks & Spencer started their own sales (in partnership with Ocado) in September 2020.
- 4.51 Over the past several years applications for large store formats have slowed to a virtual standstill and in some cases permissions are not being built out. At the other end of the grocery spectrum, the European-led 'deep discount' food operators (namely Aldi and Lidl) are increasing their market shares through new store openings across the UK. Iceland are also expanding their Food Warehouse format.
- 4.52 In the non-food sector, those retailers that experienced significant growth up to 2007/08 have had to adapt to the very different market conditions over the past dozen or so years. The retailers that have not been flexible enough to respond to changing consumer needs, or are being squeezed in the increasingly competitive 'middle ground' between high-end and value retailing, have largely struggled to maintain market share. In some cases, this has resulted in a series of high profile 'casualties' (e.g. Debenhams and the Arcadia brands) and a number of key retailers have either disappeared from our high streets altogether, or have significantly reduced their store portfolio in centres across the UK (e.g. House of Fraser and Marks & Spencer). This trend has also affected South Somerset with the closure of the Beales department store in Yeovil.
- 4.53 Research also shows that there is an increasing polarisation and concentration of retailer demand and investment interest in the larger regional and sub-regional centres (i.e. the 'top 25-50' UK centres as defined by Javelin VenueScore rankings). Whilst this polarisation differs across the various retail sectors,

retailers are now likely to concentrate upon the larger town and city centres in the south-west such as Bristol, Bath, Exeter and Plymouth. This is because these centres usually have large and established catchment areas, and therefore represent less 'risky' investments in the current uncertain economic climate. These larger centres have also generally benefitted from recent new shopping centre development and investment over the last decade, and are therefore better placed than smaller and medium sized centres to accommodate retailers' requirements for modern larger format units. At the same time, retailer and investment demand is also mainly focussed on the prime retail pitches, with the secondary and tertiary pitches contracting and deteriorating in some centres due to limited demand, smaller shop units and increasing vacancies. The continuation of these trends will impact on future operator requirements, with retailers looking to satisfy their demand for larger modern premises in prime shopping locations, with strong catchment areas and a good supply of appropriate retail space.

- 4.54 Furthermore, many of the major multiples and traditional high street retailers are changing their store formats and locational requirements. For example, key anchor retailers such as Boots, Next, TK Maxx, John Lewis and Marks & Spencer have been seeking larger out of centre format units to showcase their full product range and to provide an exciting shopper environment backed by the latest (digital) technology. A local example of this is the Peel Retail Park on the edge of the Yeovil urban area (within the jurisdiction of Dorset Council).
- 4.55 As a result, it is the larger centres and out-of-centre retail parks that are often best placed to meet this demand; as larger units are difficult to accommodate within existing traditional high streets and town centres, particularly historic areas characterised by conservation areas and listed buildings. As a result, some traditional high street retailers are moving out of town centres to retail parks. For example, over recent years Marks & Spencer has closed a number of traditional variety stores on high streets and opened new M&S Simply Food stores in out-of-centre locations. M&S has also recently announced a further wave of store closures. This further underlines the growing demand from multiple retailers for larger format shop units, and the need for town centres to provide a good mix of large modern units to help attract and retain high street retailers, or potentially risk their relocation to new competing shopping destinations as and when leases expire.
- 4.56 The on-going challenging environment facing the comparison goods sector has been exacerbated by the impact of the COVID-19 pandemic and the lockdown periods imposed in March/April 2020 and in early 2021. Many comparison goods stores were classified as non-essential shops and have only recently re-opened (in April 2021). Whilst a significant element of sales transferred on-line (to those retailers who had a good online sales platform) overall sales have been affected considerably. Data for July 2020 indicates that some retailers experienced a good initial 'bounce' back, although the recent

lockdown will no doubt lead to a reversal in fortunes for many businesses. In addition, the experience surrounding comparison goods shopping trips, which were until recently taken as a quasi-leisure activity, has fundamentally changed which, in the short term, is likely to impact upon the attractiveness of town centres.

- 4.57 These changes in retailer requirements and market demand will continue to have a significant impact on the UK's town centres and high streets, particularly in those cases where retailers make the decision to relocate from town centres to out-of-centre locations, or even out of the area altogether.

5. Planning Policy Advice

Introduction

5.1 In order to provide a robust basis for a town centre's strategy across South Somerset and also provide a robust framework for the assessment of (A) development proposals in town centres; and (B) retail, leisure and main town centre land use proposals located outside of town centres, the Council's brief for this study requires consideration of the following:

- the 'town centre' hierarchy;
- the content of development management policies for town centre development proposals;
- the definition of boundaries and frontages within town centres; and
- the content of development management policies for main town centre land use proposals located outside of defined 'town centres'.

Existing and Draft Policy Context

5.2 In order to set the context for our advice on planning policy, it is important to confirm the content and scope of existing adopted and also draft planning policies on retail and town centre matters. These can be found in Section 9 of the adopted Local Plan and Section 11 of the Local Plan Review Preferred Options document (2019). The salient policies are listed below.

5.3 Within the adopted Local Plan, policies EP9 to EP15 are the most relevant

- EP9 – retail hierarchy
- EP10 – convenience and comparison shopping in Yeovil
- EP11 – location of main town centre uses
- EP12 – floorspace threshold for impact assessments
- EP13 – protection of retail frontages
- EP14 – neighbourhood centres
- EP15 – protection and provision of local shops, community facilities and service

5.4 Within the 2019 Local Plan Review Preferred Options consultation document, draft policies TC4-TC9 are the most relevant:

- TC4 – retail hierarchy

- TC5 – location of main town centre uses (sequential approach)
- TC6 – floorspace thresholds for impact assessments
- TC7 – protection of retail uses in primary shopping areas
- TC8 – neighbourhood centres
- TC9 – protection and provision of local shops, community facilities and services.

5.5 For ease of reference, Table 5.1 below matches the adopted and draft retail / town centre policies by theme.

Table 5.1: adopted and draft retail / town centre land use planning policies by theme

Theme	Adopted Local Plan	Local Plan Review – Preferred Options
Retail hierarchy	EP9	TC4
The sequential test	EP11	TC5
Impact assessments	EP12	TC6
Shopping frontages / shopping areas	EP13	TC7
Neighbourhood centres	EP14	TC8
Local shops, services and community facilities	EP15	TC9

5.6 Our comments and advice / recommendations on each theme are set out in turn below.

Retail Hierarchy

5.7 Policy EP9 of the adopted Local Plan sets the current hierarchy of ‘town centres’ across South Somerset District, noting:

“Yeovil is the principle town centre in South Somerset. Chard, Crewkerne, Ilminster and Wincanton are Market Towns in retail terms. Ansford/Castle Cary, Langport/Huish Episcopi and Somerton are District Centres in retail terms and Bruton, Ilchester, Martock, Milborne Port, South Petherton and Stoke sub Hamdon are Local Centres in retail terms”.

5.8 The proposed replacement to EP9 is draft policy TC4 in the Local Plan Review.

“Yeovil is the Principal Town Centre in South Somerset. Chard, Crewkerne, Ilminster and Wincanton are Market Towns in retail terms. Ansford/Castle Cary, Langport/Huish Episcopi and Somerton are District Centres in retail terms and Bruton, Ilchester, Martock, Milborne Port, and South Petherton are Local Centres in retail terms”.

- 5.9 As can be seen, the draft replacement hierarchy is the same as the adopted position, with the exception of Stoke sub Hamdon, which is no longer retained as a Local Centre in the hierarchy. The question posed by the Council's brief for this study is whether this existing hierarchy of centres remains appropriate and, therefore, in order to consider this issue consideration should be given to a number of factors including: town centre units, floorspace, retail turnover and market share. This is undertaken at Appendix I and utilises data from the 2017 Retail Study and Experian GOAD research⁷.
- 5.10 Looking at the four sets of data described above, Appendix I shows that generally there is a material distinction between the four tiers of centre. The most striking distinctions occur in relation to floorspace levels and retail turnover levels, including:
- an average of circa 13,350sq m (gross) for the market towns, with an average of circa 3,800sq m (gross) for the district centres. These levels can be compared against the circa 79,000sq m (gross) for Yeovil.
 - a similar picture emerges in relation to the turnover of the top three tiers, with Yeovil at £581m, the average for the market towns being £44.5m and the average for the district centres being £15.2m.
- 5.11 As a consequence of the above, and the contents of Appendix I, we consider that the centre hierarchy in the adopted Local Plan, and repeated in the new draft Local Plan (excluding Stoke sub Hamdon) remains fit for purpose and should be retained.

The Sequential Test

- 5.12 The existing adopted policy which deals with the sequential test is EP11. The first part of the policy notes that:

"In order to sustain and enhance the vitality and viability of town centres, new proposals for town centre uses will be permitted firstly within Yeovil Town Centre Shopping Area and the defined Town Centres of Market Towns, District Centres and Local Centres, followed by Edge-of-Centre locations, then Out-of-Centre sites that are, or will be well served by a choice of sustainable modes of transport, and are close to the centre or in relation to bulky goods retailing, are located immediately adjacent to existing retail warehousing".

- 5.13 The same approach is proposed for draft Policy TC5 in the Local Plan Review:

"In order to sustain and enhance the vitality and viability of town centres, new proposals for town centre uses will be permitted firstly within Yeovil Town Centre Shopping Area and the defined Town Centres of Market Towns, District Centres and Local Centres, followed by Edge of Centre locations, then Out of Centre sites that are, or will be well served by a choice of sustainable modes of transport and

⁷ it should be noted that floorspace, unit numbers and turnover data is not available for some of the smaller centres in South Somerset, particularly those within the 'local centre' tier of the hierarchy.

are close to the centre or in relation to bulky goods retailing, are located immediately adjacent to existing retail warehousing”.

5.14 In our opinion, the general approach in both policies is, in principle, appropriate although we would recommend the Council consider the following refinements:

- whilst the general sequence of preference in the policy does not require amendment, it will be important for the policy (and/or supporting text) to be updated to confirm the classification of in-centre, edge-of-centre and out-of-centre sites. This classification should be based upon the relationship with the defined primary shopping area boundary⁸ in each relevant ‘town centre’ taking into account guidance with the NPPF regarding how locations should be classified. In addition, whilst the sustainability of access to a particular development is clearly a material consideration for the local authority, accessibility/connectivity characteristics associated with the sequential test should be associated with defined ‘town centres’. Therefore, the policy or supporting text should indicate that, when considering edge or out of centre sites as part of the sequential test, preference should be given to accessible sites which are well connected to the town centre.
- In line with the current approach in Policy EP11, any updated sequential test policy should apply to all main town centre land use⁹ proposals which lie outside of defined ‘town centres’¹⁰. We consider it useful if the updated version of EP11 could be clear about the definition of a ‘town centre’ for the purposes of the sequential test by either including it in the Glossary to the Local Plan Review or by making reference to the NPPF.
- We consider it would be beneficial if an updated version of EP11 could indicate the Council’s recommended approach to the sequential test which requires both the Council and the applicant to demonstrate flexibility in terms of scale and format of a proposal, including current NPPG guidance which notes that *“It is not necessary to demonstrate that a potential town centre or edge of centre site can accommodate precisely the scale and form of development being proposed, but rather to consider what contribution more central sites are able to make individually to accommodate the proposal”*.

5.15 Finally, in relation to a minor presentational point, it would be useful for any updates to policies EP11 and EP12 to be clear over the policy tests that they seek to cover. The sequential test is mentioned in

⁸ see later in this section for a discussion regarding our recommendations for primary shopping areas

⁹ The NPPF defines main town centre land uses as: *“Retail development (including warehouse clubs and factory outlet centres); leisure, entertainment and more intensive sport and recreation uses (including cinemas, restaurants, drive-through restaurants, bars and pubs, nightclubs, casinos, health and fitness centres, indoor bowling centres and bingo halls); offices; and arts, culture and tourism development (including theatres, museums, galleries and concert halls, hotels and conference facilities)”*.

¹⁰ a ‘town centre’ for retail land use purposes should be defined as the Primary Shopping Area’ whilst the ‘centre’ for all other main town centre uses should be the defined town centre boundary.

the title of Policy EP11, although the policy also deals with the separate 'impact' policy test. There is no set / rigid format for how sequential and impact policy tests should be set out, although if two separate policies are to be maintained (and updated) then we would recommend that one should deal with the sequential test and the other should deal with 'impact' issues.

Impact Assessments

- 5.16 Part of Policy EP11 and the whole of Policy EP12 deal with the Council's current approach to the assessment of impact for selected development proposals¹¹. Policy EP11 notes that applications for town centre uses should be refused where *"there is clear evidence that the proposal, either alone or combined with other recent and outstanding planning permissions would seriously affect the vitality and viability of a nearby Town Centre"*. A similar approach is taken in Policy EP12, although this policy specifically relates to retail development proposals.
- 5.17 With regards to the contents of policies EP11 and EP12 we would make the following points:
- As noted above, Policy EP11 covers both the sequential and, in part, the impact tests and broadly mirrors the content of paragraph 90 of the current version of the NPPF. The second paragraph of the policy outlines how planning applications should be determined and treats proposals for town centre uses in the same way for both policy tests. This is inconsistent with the current version of the NPPF and the updated and revised version of EP11 should make it clear that the sequential test relates to all main town centre uses and the impact test should relate to selected retail and leisure land use proposals¹².
 - Whilst we discuss the scale of floorspace to be subject to the impact test below, we consider that some refinements should be made to Policy EP12.
 - As noted above, the updated version of EP12 should relate to retail and leisure land use proposals which are located outside of defined town centres and not in accordance with a development plan. As a consequence, references to *"retail impact assessments"* should be removed from the updated policy and replaced with 'impact assessments'.
 - It should also be noted that the terminology between policies EP11 and EP12 regarding the assessment of 'impact' is slightly different and we recommend that this is revised to become consistent. Based upon the current version of the NPPF, the test should be: 'Where an

¹¹ This approach is currently proposed to be replicated in draft policies TC5 and TC6 in the Local Plan Review.

¹² When defining retail and leisure land uses for the purposes of the 'impact' test, the NPPF does not provide a specific list of uses, not does it attempt to align with the sub-categories of Use Class E. However, we consider that they are likely to comprise: classes E(a), E(b), parts of E(d), parts of D2 and the sui generis uses formerly classified as A4 and A5 uses.

application is likely to have a significant adverse impact on the health of, and/or investment within defined 'town centres, it should be refused'.

- The existing supporting text¹³ to EP12 helpfully provides an indication of the types of retail proposals which should be subject to the impact test. This should be carried forward into the new version of EP12 and expanded to include leisure land use proposals (as outlined above). For the avoidance of doubt, the types of retail and leisure land use proposals located outside of defined 'town centres' and not in accordance with a development plan which could be subject to the impact are as follows: new development, extensions to existing retail/leisure floorspace, redevelopment of existing floorspace, variation of planning conditions (Section 73 applications) and variation of legal agreements relating to floorspace / ranges of goods (under Section 106a).
- The NPPG is keen to highlight that the scope of impact assessments should be agreed as soon as possible between applicants and local authorities. This should, in our opinion, be included in the supporting text to an updated version of Policy EP12. It would also be helpful if the supporting text could give an indication of the information that should be discussed whilst agreeing the scope and included in the impact assessment. This will include:
 - the catchment area of the proposal
 - the evidence base data required for the assessment, including retail/leisure expenditure, shopping/leisure patterns, and town centre health check data
 - the defined 'town centres' to be included in the assessment of impact
 - clarity over the type and extent over the goods and services to be sold.

5.18 With regards to the requirement for an impact assessment, Policy EP12 of the adopted plan sets out varying thresholds for: Yeovil (2,500sq m), the Market Towns (750sq m), the District Centres (250sq m), Local Centres (250sq m) plus a specific threshold for Langport (500sq m). These are reviewed very briefly in paragraphs 6.26 and 6.27 of the 2017 retail study, with confirmation that no changes should be made.

5.19 Draft Policy TC6 of the new Local Plan proposes to continue with the theme of varying thresholds and proposes, for some centres, a lower floorspace requirement: 500sq m for Yeovil, 500sq m for the market towns, 250sq m for the district centres and 250sq m for the local centres.

¹³ paragraph 9.104

- 5.20 In terms of the general approach in both the adopted and draft Local Plan documents, we consider this to be robust. Varying threshold levels will reflect the different sizes of 'town centre' in the South Somerset hierarchy and, in principle, it is correct in our opinion to impose a lower threshold for the smaller lower ranking centres.
- 5.21 With regards to the individual thresholds, the NPPG sets out a range of criteria to consider:
- scale of proposals relative to town centres
 - the existing viability and vitality of town centres
 - cumulative effects of recent developments
 - whether local town centres are vulnerable
 - likely effects of development on any town centre strategy
 - impact on any other planned investment
- 5.22 In our opinion, of particular importance in setting impact assessment thresholds in South Somerset will be the scale of proposals in relation to the scale of provision in existing 'town centres', the vulnerability and health of 'town centres' and also individual 'town centre' strategies.
- 5.23 With regards to the scale of provision, whilst Yeovil has, in line with its place in the hierarchy, some larger retail units (500sq m – 1,000sq m), the general trend across the town and district centres is for the majority of units to be up to 100sq m ground floor foot-print, along with a modest amount of slightly larger units between 100sq m and 400sq m gross ground floor foot-print. Whilst the assessment of impact is not designed to focus upon the impacts on specific individual retailers and leisure uses, the general trend in the size of units is a good guide for assessing how the health of 'town centres' may be affected by proposals in edge or out of centre locations. Moreover, whilst it may be the case that one individual proposal under a particular threshold may not, on its own, have a significant adverse impact upon a particular centre, the cumulative build-up of several proposals may have an alternative more negative effect. This is likely, therefore, to be a very important reason for setting a low floorspace impact assessment threshold across the South Somerset hierarchy of centre and supports the decision of the Council to reduce the thresholds in draft Policy TC6.
- 5.24 This is of course compounded by the current challenges facing all town centres across the country in light of changing shopping habits, the continued rise of internet shopping and the impact of the COVID-19 pandemic. This, in our opinion, reinforces the need for lower impact assessment thresholds and we consider that there is a strong case for reducing the proposed thresholds for

Yeovil and the market towns even further to the extent that there should be a blanket threshold of 250sq m gross across all four tiers in the hierarchy.

Shopping Frontages & Areas

- 5.25 With regards to the policies and designations dealing with shopping frontages/areas, there are, in our opinion, two areas to consider: (A) the designated frontages/areas; and (B) the policies dealing with development proposals within these defined areas.
- 5.26 With regards to designated frontages and areas, the existing development plan provides a combination of three definitions: town centre boundaries, primary shopping areas and primary shopping frontages. Such definitions would have been in response to national planning policy in force during the time of preparation of the adopted Local Plan which required all three designations to be provided on policies maps.
- 5.27 As noted earlier in this document, national planning policy has now been revised and, whilst the requirement for town centre and primary shopping area boundaries remains (and the definition of these areas has not changed in the NPPF), there is now no formal requirement to define primary and secondary shopping frontages. For the avoidance of doubt, the requirement has been removed from the latest version of the NPPF, although the PPG does still refer to frontages and notes *“Authorities may, where appropriate, also wish to define primary and secondary retail frontages where their use can be justified in supporting the vitality and viability of particular centres”*.
- 5.28 Therefore, in our opinion the questions to be answers for the purposes of this study are:
- is there a requirement to amend the town centre and primary shopping area boundaries as shown in the adopted Local Plan; and
 - is it appropriate for the Council to define primary and secondary shopping frontages in any it's main town centres?
- 5.29 When considering town centre boundaries, it is useful to note the definition of these areas in the NPPF: *“Area defined on the local authority's policies map, including the primary shopping area and areas predominantly occupied by main town centre uses within or adjacent to the primary shopping area”*.
- 5.30 Therefore, when considering town centre boundaries it will be important to take into account the extent and distribution of main town centre uses which will fall into use Class E, parts of Class F1 and some sui generis uses. In our opinion, a key influencing factor here will be the prevalence of Class E uses which comprise a large proportion of main town centre uses. Therefore, in order to assist our

assessment, the Council has provided a series of land use maps for the main town centres which show the incidence of Class E uses, sui generis uses and vacant property. These maps are contained in Appendix III to this report. Taking into account the existing town centre and primary shopping area boundaries in the adopted Local Plan and the latest land use data, we set out below our recommendations for town centre boundaries:

- Yeovil. Given its size, Yeovil town centre unsurprisingly has three different town centre, primary shopping area and retail frontage boundaries.
 - Town centre boundary. The town centre boundary lies within Queens Way, Reckleford and areas to the south of South Street (including Petters Way and Hendford). It also includes the Yeo Leisure Park to the south of Old Station Road. In our opinion, the defined town centre boundary continues to cover the correct area apart from the need for an amendment along the eastern edge. At the present time, the boundary currently excludes the Farmfoods and recently developed ALDI food stores, both of which have a reasonably close relationship with the core area of the town centre. We would therefore recommend that they are included in the town centre boundary.
 - Primary shopping area boundary. In our opinion, Yeovil is the only town centre in the District which should warrant a separate primary shopping area boundary to the town centre boundary. The existing boundary generally follows the same area as the northern part of the town centre boundary but does not extend below South Street. We consider that, should the Council wish to continue to define a separate primary shopping area boundary, then it should be reduced to exclude that part of Middle Street which lies to the west of Central Road and also Earle Street and Wyndham Street.
 - Primary retail frontage. Based upon the changes in national planning policy, and also the wider diversity of land uses which now contribute to the health of town centres, we do not consider that there is a requirement for the frontage designation to remain in the new Local Plan. We consider that whilst Class E(a)¹⁴ retail uses remain very important to the overall health and function of Yeovil town centre, their retention and promotion can be managed via policies which focus upon the primary shopping area and town centre boundaries.
- Bruton. Within the current development plan the town centre and primary shopping area boundaries cover the same area, along High Street, from St Catherine's Hill in the west to the junction with Coombe Street and Patwell Street in the east. Based upon the Class E and sui

¹⁴ former Class A1 uses

generis land use data provided by the Council, the existing boundaries certainly cover the full extent of the main town centre uses in the central part of Bruton and it could be argued that the boundary is larger than it needs to be on the southern side of the High Street to the west of Nos 28/30 (due to the number of residential properties). However, we do not see this as a particular issue, as it would be preferable to have a boundary which is slightly larger and a development management policy approach which takes account of existing residential uses.

- Castle Cary. The town centre / primary shopping area boundaries extend along both sides of Market Place, High Street, Fore Street and Woodcock Street. There are a high concentration of Class E and other main town centre uses in most of these areas although we would recommend that the Council consider the removal of the southern part of Woodcock Street as it does not appear to have the characteristics of main town centre uses.
- Chard. Chard is one of the few town centres in the District to have differing town centre and primary shopping area boundaries, along with an area of primary retail frontage. This is likely to be due to the size of the centre and in response to previous national planning policy. Given the change in national policy/legislation towards shopping frontage designations and uses classes, and also the size of Chard town centre, we do not consider that there is a requirement for a frontage definition to be retained. Also, bearing in mind the current purpose of the primary shopping area boundary definition, we do not consider that there is any justifiable reason why it should be materially different from the town centre boundary, which is, subject to the comments below, broadly restricted to the current stock of Class E uses in the centre. With regards to the town centre and primary shopping area boundaries we consider that, like most other centres in the District, they should cover the same area (as there is now no particular advantage in having a differentiated primary shopping area which restricts itself to the footprints of buildings rather than extending to immediately adjacent areas which also have a close functional relationship with the core part of the town centre). In relation to amendments, we would recommend the removal of the northern part of Silver Street (between Fore Street and Millfield) and the small area of open space to the north of Fore Street (as neither have the presence of any main town centre uses).
- Crewkerne. This is one of the larger town centre boundaries in the District, with the adopted Local Plan defining an area which includes Market Square, Market Street, the George Shopping Centre, Falklands Square and the Lidl and Waitrose foodstores. In our opinion, the existing boundary generally remains fit for purpose, although it is likely that North Street should be removed.
- Ilchester. Given the size of Ilchester, there are an unsurprisingly small amount of retail and other main town centre uses present. Notwithstanding this, the town centre and primary shopping

area boundaries (which cover the same area) cover a reasonably wide area on both sides of the River Yeo, in order that one single boundary is able to cover all of the relevant main town centre uses. In our opinion, the boundary covers the correct area, taking into account all relevant main town centre uses.

- Ilminster. Having reviewed the latest land use data we consider that the town centre and primary shopping area boundaries in the adopted Local Plan remain fit for purpose. The only exception to this being the boundary in relation to the Tesco foodstore which currently dissects this unit. We would therefore recommend that the boundary in this location is moved eastwards in order to cover the whole of the foodstore unit.
- Langport. Within the adopted Local Plan's policies map the town centre and primary shopping area boundaries in Langport cover the same area and extend along Bow Street and Cheapside from North Street in the east to Beards Yard in the west. The policies map also shows small areas of primary shopping frontage along Cheapside. In our opinion, the existing boundaries remain appropriate for the town centre and primary shopping areas, although the need for a primary frontage definition has been removed by (A) changes to national policy; and (B) the shifting emphasis on land uses in town centres away from retail.
- Martock. The identical town centre and primary shopping area boundaries in the adopted Local Plan are reasonably well constrained to the eastern side of North Street, including the Moorlands Shopping Centre and the junction with East Street. Based upon the current land use profile of the centre, these boundaries are, in our opinion, fit for purpose, although we consider that the north part of the boundary should be reduced to stop at No.21 North Street (whilst retaining the surface level car parking area in the boundary).
- Milborne Port. There are very few retail and main town centre uses in Milborne Port, which are centred around High Street and its junctions with North Street, South Street and East Street. The defined town centre and primary shopping area boundaries are identical and cover the central part of High Street, plus the western end of East Street. Based upon the current land use structure of the centre, we do not consider that East Street should be retained within these boundaries as it comprises residential uses and a small surface level car parking area.
- Somerton. Within the adopted Local Plan policies map, the identical town centre and primary shopping area boundaries cover both sides of West Street, plus Market Place and Broad Street. The boundary also includes a reasonably large area of land to the north of West Street adjacent to the railway line. The proposals map also includes a small amount of primary shopping frontages along parts of Brunel Precinct and West Street. In general terms, the adopted Local Plan designations continue, in our opinion, to capture the correct extent of the overall town centre. It

could be argued that the eastern side of Broad Street could be removed as it does not feature many main town centre land uses, although we see no strong reason(s) why it should definitely be removed (as it forms a logical rounding off of the town centre area). With regards to the retail frontage designations we do not consider that there is a strong case for their retention. Whilst retail¹⁵ floorspace remains important to the future health of town centres such as Somerton, we consider that the protection of this space can be dealt with via a primary shopping centre / town centre policy, alongside a trend in which a wider set of land uses provide an important contribution to overall town centre health.

- South Petherton. The proposals map for the adopted Local Plan defines the same area for the town centre and primary shopping area boundaries, stretching along St James Street from the junction with Silver Street in the north and Prigg Lane in the south. There are a mixture of land uses in this defined area, including a number of residential uses, although we consider that the existing boundary presents the correct area for the town centre (with no amendments required).
- Wincanton. The defined town centre boundary for Wincanton on the adopted Local Plan proposals map covers High Street, Market Place, part of Carrington Way and the eastern end of Mill Street and Church Street. It is interesting to note that the published proposals map does not define a primary shopping area boundary. In our opinion, the town centre boundary covers the correct area, based upon the latest land use survey undertaken by the Council, and therefore no amendments are necessary. A primary shopping area should also be included which matches the town centre boundary.

5.31 The policies dealing with development proposals in the defined 'primary areas' are Policy EP13 in the adopted Local Plan and Policy TC7 in the draft new Local Plan. Both policies are very similar and seek, in principle, to avoid a coalescence of non-A1/E(a) retail uses which would undermine the retail function of the defined area. In order to guide decisions on this matter, both policies provide a set of several criteria to be taken into account. These criteria are both quantitative and qualitative in nature, although the quantitative criteria do not set rigid targets or thresholds. The supporting text to the policies should also reflect the evolving nature of permitted development rights over recent years for certain main town centre uses and how this will impact upon the operation of these policies.

5.32 In relation to the general approach to change of use / development proposals, we consider that EP13 and TC7 remain appropriate insofar as: (A) the NPPF still asks local authorities to define primary

¹⁵ i.e. former A1, now Class E(a)

shopping areas in town centres; and (B) there remains a desire to retain areas in SSDC's town centres which are focused upon retail land uses.

5.33 However, it must be acknowledged that the recent changes to the use classes order and permitted development rights will now limit the scope and effectiveness of policies such as EP13 and TC7. In particular:

- A key question is: whilst the historic focus in town centre planning policy has been on maintain a (former A1) retail function in town centres, and it remains national planning policy to define primary shopping areas, will a policy which seeks to avoid the coalescence of non-A1/E(a) retail uses still be effective when some A1/E(a) uses can be lost without recourse to planning permissions? Therefore, whilst the requirement to define a primary shopping area remains at present, it is possible that the relationship of this designation becomes looser to take into account recent changes in legislation. In general terms, the introduction of the new Use Class E and the new permitted development rights means that the ability to apply policies such as EP13 and TC7 will be materially reduced. Changes of use within Class E will not attract the attentions of EP13 / TC7, which will also be the case for changes from Use Class E to residential in certain circumstances (although they will still be subject to the prior approval regime). The need to define primary shopping areas does, however, remain important for two reasons: (A) because of the requirements of national planning policy; and (B) the defined primary shopping area remains important for the operation of the sequential test.
- With the focus now on a combined commercial, business and service use class, it would appear sensible to re-focus policy in 'town centres' on this suite of uses, in light of the flexibility which now exists. There will still be a need for a development management policy and this is likely to be an evolution of EP13/TC7 which provides a similar set of qualitative criteria recalibrated to suit Use Class E rather than the former Use Class A1. This policy will apply to a range of proposals, including physical development proposals, changes of use outside of the new permitted development regime and also such a policy will still apply in excluded areas / designations, including proposals for a change from E to C3 involving Listed Buildings.
- In relation to the prior approval regime for changes from Class E to C3, the 'impact on the high street' test has now been removed, although there is a broad test of 'impact on character and sustainability' for prior approval for proposals in Conservation Areas. There are no specific criteria associated with this test and, instead, it is sensible in our opinion to base any consideration of the facts and circumstances associated with a specific proposal and the specific Conservation Area. Salient considerations could well include character/appearance associated with the specific building in question and how it relates to the wider area and also the

contribution of the existing Class E use to the character/sustainability of the area. On this latter point, there is the potential for any successor policy to EP13 to provide guidance for the prior approval process (even though the policy itself will not directly apply). For example, we consider it appropriate for consideration to be given, as part of the wider balance of consideration, to: (A) how the existing Class E use contributes to the character of the Conservation Area; (B) whether a change to residential use would have a positive, neutral or negative effect upon the character of the Conservation Area; (C) whether there are any identifiable and material characteristics associated with both the existing and proposed uses which have an influence on the sustainability of the Conservation Area (including quality of appearance).

5.34 In light of the above, it is recommended that consideration is given to a number of refinements to draft Policy TC7 which move it away from a focus on primary shopping area and A1/E(a) retailing to a wider scope which embraces the new Use Class E. As noted above, it is likely that for most of the District's town centres there will be no material distinction between the town centre and the primary shopping area / commercial, business service boundary and therefore one set of policy criteria will apply. The exception to this is likely to be Yeovil, due to the size of the centre, and the importance of retail uses.

5.35 We therefore recommend that:

- all town centres, apart from Yeovil, have the same town centre and primary shopping area boundaries.
- whilst there is no reason for an updated version of the policy not to continue to encourage retail (i.e. Class E(a)) uses, the policy will need to focus upon Class E uses and ensure that proposals meet a series of qualitative criteria to maintain and enhance town centre health:
 - there is a justifiable case that the proposed use(s) will make a positive contribution to town centre health;
 - the proposed use(s) will make a positive contribution to levels of vitality in the town centre;
 - the proposed use(s) provide active and attractive ground floor frontages; and
 - the proposal is able to meet amenity criteria

Article 4 Directions

5.36 With regards to the desire to protect the health of town centre vitality and viability, the brief for this study raises the question of whether Article 4 Direction are a feasible alternative for the control over land uses in the context of widening permitted development rights.

5.37 Article 4 Directions have been a feature of legislation for many years, allowing for the removal of permitted development rights in certain justified circumstances. The latest version of the NPPF (July 2021) provides an updated version of national policy on Article 4 Directions and notes:

“The use of Article 4 directions to remove national permitted development rights should:

- where they relate to change from non-residential use to residential use, be limited to situations where an Article 4 direction is necessary to avoid wholly unacceptable adverse impacts (this could include the loss of the essential core of a primary shopping area which would seriously undermine its vitality and viability, but would be very unlikely to extend to the whole of a town centre)*
- in other cases, be limited to situations where an Article 4 direction is necessary to protect local amenity or the well-being of the area (this could include the use of Article 4 directions to require planning permission for the demolition of local facilities)*
- in all cases, be based on robust evidence, and apply to the smallest geographical area possible”.*

5.38 This is supported by the NPPG which notes that:

“The use of article 4 directions to remove national permitted development rights should be limited to situations where this is necessary to protect local amenity or the wellbeing of the area. The potential harm that the direction is intended to address will need to be clearly identified.....”

5.39 The recent changes to permitted development rights, particularly changes from commercial to residential use, have raised the issue of whether Article 4 directions should be employed to protect town centre economies. Potentially in response to this on-going debate, a Written Ministerial Statement (‘WMS’) was published in July 2021 which gave advanced notice of the change to paragraph 53 and noted that:

“Our aim is to support high streets and by ensuring a higher threshold for making Article 4 directions relating to change of use to residential we will maximise the potential for underused buildings to be converted to an alternative use. Councils should recognise the value to housing supply and increasing resident town centre footfall from supporting ‘flats above shops’; for example, councils can consider applying different policies to residential conversions above ground floor level. This is important to support mixed and flexible high streets, to deliver additional homes more easily, and to support jobs in the construction industry, while increasing demand for local high street services through new high

street homes. This change only applies to changes from non-residential to residential use. This change does not apply to changes between different residential uses, which will enable local authorities to continue to restrict change of use from a family home to a house of multiple occupancy where that is necessary to protect local amenity or the well-being of an area.

Article 4 directions should be very carefully targeted, applying only to those locations where they are necessary to avoid wholly unacceptable adverse impacts. For that reason, I want to make clear that the geographical coverage of all Article 4 directions should be the smallest area possible to achieve the aim of the Article 4 direction. In respect of historic high streets and town centres, this is likely to be the irreducible core of a primary shopping area. It is very unlikely to be applicable to a broad area, and is not expected to be applied to an entire local authority area. Local authorities will need to have robust evidence to justify the Article 4 direction and the area it covers.

In advance of the publication of the revised National Planning Policy Framework, I want local authorities to follow this new policy when they consider making new Article 4 directions so that they can assure themselves and their communities that the Article 4 direction is necessary and meets the higher threshold. Local authorities are required to notify me about new Article 4 directions. I will instruct my officials to look closely at all new Article 4 directions to check that they comply with the new policy, and I will consider exercising my power to intervene if they do not”.

- 5.40 These changes to national policy do not alter the Government’s general approach to the use of Article 4 Directions, but they do now give specific reference to the relevance of them for town centres. In particular, there is now a specific reference to the protection of primary shopping areas in certain appropriate circumstances.
- 5.41 Within these circumstances, it is entirely appropriate for the Council to contemplate whether it is appropriate to propose an Article 4 Direction in some of its town centres. Given that it is not the purpose of this study to provide advice on specific town centres, the following advice sets out a ‘road map’ (or framework) for how we consider the Council should approach the issue of potential Article 4 Directions.
- 5.42 As a starting point, it should be noted that our advice to the Council in relation to town centre and primary shopping area boundaries is that they should cover the same area in all town centres apart from Yeovil. This is relevant as the forthcoming amendment to paragraph 53 of the NPPF makes a distinction between both of these areas, indicating that Article 4 Directions are likely to be more appropriate for primary shopping areas rather than wider town centre boundary areas. That may very well be the case for many larger town centres but our analysis for South Somerset has confirmed that, apart from Yeovil, there is no material distinction between these areas for all other town centres.

5.43 Therefore, any proposal by the Council for an Article 4 Direction in a particular town centre will need to explain a justification for a direction which covers both identical areas¹⁶. This should be reasonably straight-forward given the size and characteristics of the town centres, for those centres which are identified for Article 4 Directions.

5.44 Beyond the issue of pre-existing planning policy boundaries, we would recommend that a series of steps are followed by the Council when considering whether it is appropriate to impose an Article 4 Direction in a particular town centre:

- Identification of which town centres may attract concern regarding the loss of non-residential uses to residential via permitted development rights. Highlighting which centres may be of concern may come from a number of sources, including the Council itself and / or key third-party stakeholders (such as local businesses and / or local interest groups).
- As part of this process, the reasons for the concern should be clearly articulated. The obvious focus for any concern would be the one referred to in the recent changes to the NPPF – i.e. loss of the essential core of a primary shopping area which would seriously undermine its vitality and viability. This should consider the types of negative impacts of continuing with permitted development rights and the likelihood that permitted development rights will be taken advantage of.
- Once the reasons for potential concern for a particular town centre have been identified, there will be a need to scope out the types of evidence to gather in order to test the justification for an Article 4 direction. If, for example, the loss of certain land uses (say retail, leisure and commercial uses) are the primary source of concern, then evidence should be gathered to understand their importance to the overall health of a town centre. This may be done in a number of ways, including utilising pre-existing research data from the development plan evidence base library, or undertaking new empirical research, or undertaking further consultation with key stakeholders.
- Once the scope of required evidence has been set, the assessment would proceed to gathering that evidence (including consultation with key stakeholders). Given the ‘high bar’ which national policy sets in terms of the imposition of Article 4 Directions, evidence gathering must be undertaken in a robust manner, allowing for a clear assessment of the areas of concern.
- Once the evidence has been gathered, an assessment should be made as to whether there is a clear justification for specific Article 4 directions. This assessment (and any subsequent

¹⁶ assuming that the Council wishes to accept and adopt our advice in relation to these boundary definitions.

justification) will be required should (A) there be challenges to the proposed Article 4 Direction; and (B) should MHCLG take an interest in the proposed Direction.

Neighbourhood Centres

- 5.45 Policy EP14 of the adopted Local Plan specifically relates to the development of new neighbourhood centres. The supporting text indicates that the primary purpose of the policy is in relation to new neighbourhood centres serving new developments, although the wording of the policy does not appear to rule out neighbourhood centres in other locations/circumstances. The same approach is taken in proposed Policy TC8 of the draft new Local Plan.
- 5.46 The content of both policies is clear that any new neighbourhood centres should: (A) serve local needs; and (B) must not affect the vitality and viability of nearby town centres. In our opinion, this is a sensible and robust position to adopt, which allows new easily accessible facilities to be provided whilst aiming to maintain the integrity of the 'town centre' hierarchy.
- 5.47 Whether it would sit as part of a development management policy and/or as a guide for identifying centres within the new Local Plan, we set out below (not in any order of importance or preference) a basket of factors which we feel may be appropriate for SSDC to take into account when considering the amount and location of expanded retail and service provision to serve new residential neighbourhoods:
- The size of the new community which the new local/neighbourhood centre should serve. The number of new homes/residents within a new community will provide an important guide as to the scale and function of any new centre, which can be calculated the level of expenditure capacity arising from the size of the new community.
 - Geographic distribution of retail floorspace and main town centre uses. The size of a new local or neighbourhood centre in a new community will also be influenced by the proximity to existing retail provision. For example, if an existing local or district centre lies nearby then there may not be a need to plan for a further new centre.
 - Walk-in catchments and public transport accessibility. It will be important when planning for the provision of new centres that they are easily accessible by public transport and on foot (with the latter taking into account the principles of walkable neighbourhoods).

Protection of local shopping, service and community facilities

- 5.48 The final area of advice is in relation to existing policy on local shops, community facilities and services. Within the adopted Local Plan, this policy is EP15 whilst the proposed replacement policy in the draft new Local Plan is TC9. Both policies are very similar although one notable proposed change is the default period for investigating an alternative re-use from 18 months in the adopted policy to 12 months in the draft new policy.
- 5.49 Overall, we do not consider that there is any requirement to fundamentally depart from the contents of EP15 and TC9. The content reflects national planning policy¹⁷ on this issue and provides a robust framework for the protection of important local facilities. The policy is clearly directed primarily at proposals which involve the redevelopment of existing local facilities or their change of use, although it would also be useful for the Council to consider whether it could/should also apply to potential indirect impacts – i.e. proposals which impact upon retail stores in defined ‘town centres’ which result in the consequential loss of local community facilities (i.e. where post offices area integrated within existing retail premises)¹⁸.

¹⁷ paragraph 92 of the current version of the NPPF

¹⁸ see the judgement of *R (Patel) v Dacorum Borough Council* (2019) EWHC 1234 (Admin)

6. Stakeholder Liaison & Regeneration Projects

- 6.1 Alongside the advice being provided on retail and town centre trends, the latest economic forecasts and also planning policy, the brief for this study requires an assessment of the potential impacts on town centre regeneration schemes as a consequence of these wider trends and changes.
- 6.2 In order to do so, AY has undertaken consultation with the following: SSDC officers within the Recovery and Place Directorate (focusing on economic development and regeneration specialist teams) and also key shopping centre land owners in Yeovil town centre.
- 6.3 With regards to town centre regeneration initiatives, SSDC has focused upon many of its main town centres in recent years. The three most notable examples of this are Yeovil, Chard and Wincanton, each of which have published strategy documents. However, SSDC also targets specific initiatives in other main town centres (i.e. Market Towns Investment Group).
- 6.4 Given that Yeovil has the largest town centre in the district, it is perhaps unsurprising that it has become a focus for regeneration initiatives over the past several years. In recent years, the Council has pursued the Yeovil Refresh project, with consultation events held in 2018 to identify priority projects. This resulted in the following projects being pursued:
- the creation of a public realm design guide Supplementary Planning Document (SPD) 2020, to help the use and look of open spaces in the town centre
 - an assessment of access to the town centre
 - a review of car parks, assessing current and future provision.
- 6.5 Over the past year the public realm element of the Refresh project has become a particular focus, with the Council benefitting from £9.75m from the Future High Streets Fund. The key public realm projects in the Refresh are: Westminster Street, High Street, The Borough, Middle Street, Lower Middle Street and The Triangle.
- 6.6 Finally, whilst previous regeneration initiatives in the town centre focused upon a wider range of development projects, the Yeovil Refresh focuses upon two sites: Glovers Walk and the Old Cattle Market. The latest version of the Refresh indicates a potential mixed use development scheme for Glovers Walk although there are less specific details for the Old Cattle Market site. However, we understand that, following retail-led redevelopment proposals several years ago, the emerging focus for the Cattle Market site is likely to be on a wider mix of land uses.

- 6.7 Glovers Walk is currently subject to a number of vacant retail units and has long been considered as a redevelopment project. The Refresh makes reference to a redevelopment scheme providing new homes, a new bus interchange and commercial space. Such a project will no doubt see the reduction in the amount of retail floorspace on the site. In our opinion, such an approach is likely to sit comfortably with the direction of travel in national policy and the use classes order, allowing for a wider range of land uses to be accommodated in the town centre. Whilst it is not the purpose of this study to provide comment on the specifics of any redevelopment project, a wider suite of land uses would, in principle, be supported by the advice elsewhere in this study about the changing nature of town centre development management policies in South Somerset. Indeed, with the sign that the number of vacancies within Glovers Walk points to an over-supply of retail floorspace (thus offering no positive contribution to town centre vitality), an alternative wider mix of uses will provide that added vitality with more people living in the town centre and contributing to an increased level of retail and leisure expenditure capacity.
- 6.8 Looking beyond the specific projects in the Yeovil Refresh, consultation with other stakeholders and from our own market knowledge suggests that the focus for retail and leisure land uses is moving away from building new floorspace and instead focusing upon the refurbishment of existing space and the retention of existing occupiers.
- 6.9 In relation to the other main towns in the District, we have also spoken with SSDC officers regarding current regeneration initiatives. The two centres which have received specific attention over recent years are Chard and Wincanton. In Chard, the key regeneration project is the construction of a new leisure centre, which is now well-progressed. Given the current status of the project, it will not be affected by the change retail / town centre trends and, instead, the uses being introduced by the development will make, in our opinion, a significant positive contribution to the overall health of Chard town centre.
- 6.10 As discussed with SSDC officers, the remaining current regeneration initiatives in Chard town centre comprise significant public realm improvements. These planning improvements will include works to Fore Street (introduction of high quality natural stone paving), Holyrood Street (widening the pavement areas), construction of a new footway along Boden Street and improving the setting of the Guildhall, along with additional street planting. These improvements were outlined in the 2019 Chard Town Centre Public Realm Strategy, which was informed by public and stakeholder consultation. In addition to these public realm improvements, the town centre is covered by a Heritage Action Zone where 50% funding is available for improvements to a series of key buildings. Many of the buildings identified by the Council are in retail or commercial uses, although there are also public buildings (such as the Guildhall).

- 6.11 The Wincanton Town Centre Strategy and Action Plan was published in 2019, with the strategy organised around three areas: public realm, development sites and complementary initiatives. The development sites include an area of land at 7 High Street, the former health centre on Carrington Way, land to the rear of 12 and 24 High Street, plus land to the rear of the former White Horse Hotel. The priority areas for public realm improvements include Market Place, parts of High Street and Carrington Way. The area between 7 and 15 High Street has been identified as providing the opportunity for a new public space which can accommodate market stalls.
- 6.12 The public realm improvements planned for Wincanton and Chard are unlikely, in our opinion, to be directly affected in any materially negative way. There are instead designed, in part, to assist with making the suite of land uses in both town centres more attractive and reinforcing existing investment. They are also in line with the Government's recently announced 'Building Back Better High Street's programme. With regards to the development opportunities in Wincanton town centre, the Council's published strategy is, in our opinion, sufficiently flexible in terms of land use so it will not be constrained by recent trends and/or changes in the use classes order. There is an emphasis on the introduction of additional residential uses, which is also in line with the direction of travel in national policy/legislation, whilst the aspiration for active ground floor frontages should remain albeit with a wider set of Class E uses.
- 6.13 Overall, it is our opinion that the regeneration projects across the main town centres in the District are responding to the overall shape and evolution of retail and town centre trends over recent years (even before the advent and impact of COVID-19) and are also in general conformity with the direction of travel in national planning policy and legislation. The key conclusions to be drawn are that:
- A number of regeneration schemes across the main town centres are moving away from a focus upon physical development projects involving new / replacement space for retail and other commercial uses. Whilst appropriate developments are clearly still very welcome, in order to maintain and improve the quality of the built environment, these are likely to be at a modest scale and their success is likely to be better supported by the Council through the development management process and on a case-by-case basis.
 - For those physical development projects which remain, the Council's focus has (and should) be on a wider mix of uses. This mirrors the direction of travel for national planning policy and use classes, and is likely to offer the best opportunity to maintain and enhance town centre health going forwards. In order to encourage these projects the Council will need to subtly change its

approach to town centre planning policy, moving away from the focus on retail land uses (see Section 5).

- The current focus on public realm projects is a logical response to the aim of making the District's town centres more attractive and encouraging a greater number of (and more frequent) visits to town centres (from both local residents and visitors). Such projects will not, in our opinion, be materially affected by the trends and policy/legislative changes outlined in this report and instead these projects have the potential to assist with encouraging the introduction of a wider range of uses in the main centres. They are also in line with the Government's recently published Building Back Better High Streets programme.
- Therefore, in our opinion, the findings of this report suggest that there should be no negative impact or material influence from the updated retail and town centre evidence base on the progress of regeneration projects so long as town centre strategy / development policy adjusts to the issues we have outlined and provides an appropriate response to the need for Article 4 Directions.

7. Summary and Conclusions

- 7.1 This report has been prepared by Avison Young for South Somerset District Council in relation to retail and town centre planning policy issues in order to inform the South Somerset Local Plan Review.
- 7.2 At the present time, the main part of the evidence base for retail and town centre issues associated with the Local Plan Review is the Retail and Main Town Centre Uses Study 2017. However, the Council is in the process of preparing for the next round of consultation for the Local Plan Review – the Publication stage, expected in mid-2022 and has identified the need for an update to the 2017 study update to cover the following areas:
- a review of the content of the 2017 study and its continued relevance to the Local Plan Review evidence base, taking into account material changes in circumstance over the past four years.
 - a review of recent / current retail and town centre trends, including shopping via the internet and the on-going effects of the COVID-19 pandemic, and how these trends will affect the future of town centres in South Somerset (and regeneration schemes in these locations).
 - the implications of the recent changes to the Use Classes Order, particularly Use Class E and the new permitted development rights associated with residential uses.
 - the implications of updates to national planning policy and guidance on retail and town centre issues.
 - advice on planning policies for development proposals within and outside of defined town centres in South Somerset, along with the definition of boundaries and frontages in town centres and the imposition of thresholds for the 'impact' policy test.

Planning Policy & Legislation

- 7.3 Since the completion of the 2017 retail study there have been updates to national planning policy for retail, leisure and town centres, along with changes to legislation in relation to the use classes order and permitted development rights. The content of this report explains how these changes will affect the formulation of planning policies for town centres across South Somerset District and how existing policies in the development plan need to adapt. Of particular importance is the shift in emphasis away from retail land uses being the dominant land use category in town centres and a shift towards a wider mix of uses, particularly the increasing focus by national government on residential uses in town centres.

Review of 2017 Retail Study and Retail / Town Centre Trends

- 7.4 One of the intended purposes of this study is to consider which elements of the 2017 retail study should be updated / superseded. Whilst the brief from the Council does not seek to require a complete update to the 2017 study, this report provides an updated view on retail and town centre market trends and also outlines how retail expenditure forecasts have changed over the past four years. It has also outlined how the growing influence of shopping via the internet, reinforced by the changing shopping habits caused by the COVID-19 pandemic, is continuing to have an impact upon the market share of 'physical' town centre and out-of-centre shops. A consequence of this updated advice, the quantitative retail expenditure forecasts contained within the 2017 retail study should, in our opinion, be given much less weight and will need to be balanced against qualitative factors of 'need' and town centre health issues.

Advice on Planning Policy

- 7.5 This study has also provided detailed advice on the wording of updated versions of town centre, retail and leisure development management policies for the new Local Plan. This advice takes into account updates in national planning policy and legislation and also the shift in focus for land uses in town centres. Recommendations have also been provided on town centre and primary shopping area boundaries within the main settlements across the District.

Stakeholder Engagement

- 7.6 Finally, this study has also sought to engage with the public and private sector in terms of the current / forthcoming town centre regeneration projects across the main settlements in South Somerset. A particular emphasis has been on how recent trends and policy/legislation changes may affect regeneration projects, although the study has found that existing/planned projects have been evolving over recent years to acknowledge the changing face of town centre health issues. In particular, the focus for a number of the smaller town centres in the District is now on public realm improvements, whilst development projects in some of the larger centres, such as Yeovil and Chard, is on a wider set of mixed land uses (which is in line with the general direction of travel in national policy).

Appendix I

Retail Hierarchy Assessment

RETAIL HIERARCHY ASSESSMENT

SETTLEMENT	RANKING	TOWN CENTRE UNITS					FLOORSPACE (sq ft)					TURNOVER (£m)			MARKET SHARE (%)	
		FOOD	NON-FOOD	SERVICE	VACANT	TOTAL	FOOD	NON-FOOD	SERVICE	VACANT	TOTAL	FOOD	NON-FOOD	TOTAL	FOOD	NON-FOOD
Yeovil	Principal Town Centre	31	115	132	80	358	12,000	34,000	19,000	14,000	79,000	£174.0	£407.0	£581.0	31.0%	48.9%
Chard	Market Town	13	43	54	13	123	2,600	6,500	7,100	3,100	19,300	£46.0	£17.6	£63.6	8.2%	2.1%
Crewkerne	Market Town	8	40	33	8	89	3,800	6,000	3,600	950	14,350	£26.0	£6.8	£32.8	4.6%	0.8%
Ilminster	Market Town	10	25	20	7	62	3,500	3,600	2,000	753	9,853	£18.5	£8.0	£26.5	3.3%	1.0%
Wincanton	Market Town	8	30	30	13	81	1,300	3,700	2,700	2,200	9,900	£46.0	£9.0	£55.0	8.2%	1.1%
Ansford / Castle Cary	District Centre	7	33	19	7	66	544	2,183	n/a	n/a	2,728	£7.8	£6.7	£14.5	1.4%	0.8%
Langport / Huish Episcopi	District Centre	7	17	24	2	50	1,526	1,047	n/a	n/a	2,572	£16.0	£1.8	£17.8	2.9%	0.2%
Somerton	District Centre	8	26	23	4	61	1,400	2,700	1,700	400	6,200	£8.8	£4.4	£13.2	1.6%	0.5%
Bruton	Local Centre	4	12	9	4	29	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Ilchester	Local Centre	n/a	n/a	n/a	n/a	6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Martock	Local Centre	4	8	8	0	20	600	700	800	0	2,100	£0.3	£4.5	£0.3	0.1%	0.5%
Milborne Port	Local Centre	n/a	n/a	n/a	n/a	6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
South Petherton	Local Centre	6	11	10	0	27	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Notes:

town centre unit and floorspace data provided by Experian GOAD and 2017 Retail Study
Turnover data taken from 2017 Retail Study

Appendix II

September 2020 Changes to the Use Classes Order

Summary of changes to the Class Order Schedule

Uses (description)	Uses (current Class)	Use new class (From 1 September 2020)	
Shops	A1 (shops)	Class E: Commercial Business and Service	
Retail warehouse			
Hairdressers			
Undertakers			
Travel and Ticket Agencies			
Post Offices			
Pet Shops			
Sandwich Bars			
Showrooms			
Domestic Hire Shops			
Dry Cleaners			
Funeral Directors			
Internet Cafes			
Financial services such as banks and building societies	A2 (Professional and Financial Services)	Class E: Commercial Business and Service	
Professional services such as estate and employment agencies (excluding health and medical services)			
Sale of food and drink for consumption on site	A3 (Restaurants and Cafes)		
Restaurants			
Cafes			
Snack Bars			
Pub or drinking establishment	A4 (Drinking Establishments)	Sui Generis	
Takeaway	A5 (Hot Food Takeaways)	Sui Generis	
Offices	B1 (Business)	Class E: Commercial Business and Service	
Research and development of products and processes			
Light industry appropriate in a residential area			
Clinics	D1: Non-residential institutions	Class E: Commercial Business and Service	
Health Centres			
Creches			
Day Nurseries			
Day Centres			
Schools	D1: Non-residential institutions	F1: Learning and Non-Learning Institutions	
Art Galleries (other than for sale or hire)			
Museums			
Libraries			
Halls			
Places of Worship			
Church Halls			
Law Court			

<i>Uses (description)</i>	<i>Uses (current Class)</i>	<i>Use new class (From 1 September 2020)</i>
Cinemas		
Music and Concert Halls		
Bingo Halls	D2: Assembly and Leisure	Sui Generis
Dance Halls (not nightclubs)		
Gymnasiums		
Indoor sports and recreation (except for motorsports, or where firearms are used)	D2: Assembly and Leisure	Class E: Commercial Business and Service
Hall or meeting place for the principle use of the local community		
Swimming Pools (indoor or outdoor)		
Skating Rinks	D2: Assembly and Leisure	
Outdoor sports and recreation (except for motorsports, or where firearms are used)		F2: Local Community Uses
Shops (not more than 280sqm mostly selling essential goods, including food and at least 1km from another similar shop)	A1 (shops)	
Use Classes Orders with No Change		
Use for industrial process other than one falling within class B1 (excluding incineration purposes, chemical treatment or landfill or hazardous waste).	B2 (General Industrial)	B2 (General Industrial)
Storage and Distribution Centres (inc. open air storage)	B8 (Storage and Distribution)	B8 (Storage and Distribution)
Hotels, boarding and guest houses (where no significant element of care is provided)	C1 (Hotels)	C1 (Hotels)
Residential accommodation and care to people in need of care, residential schools, colleges or training centres, hospitals, nursing homes	C2 (Residential Institutions)	C2 (Residential Institutions)
Single person, or family houses.	C3 (Dwelling houses)	C3 (Dwelling houses)
Small shared houses occupied by between three and six unrelated individuals, as their only or main residence, who share basic amenities such as a kitchen or bathroom	C4 (Small Houses in Multiple Occupation)	C4 (Small Houses in Multiple Occupation)

Appendix III

Proposed Town Centre Boundary & Primary Shopping Area Boundary Changes

CASTLE CARY – RECOMMENDED CHANGES TO TOWN CENTRE / PRIMARY SHOPPING AREA BOUNDARIES

KEY:

BLUE LINE – EXISTING BOUNDARY

RED LINE – PROPOSED TOWN CENTRE / PRIMARY SHOPPING AREA BOUNDARY

1 – Proposed amendments to combined town centre and primary shopping area boundary



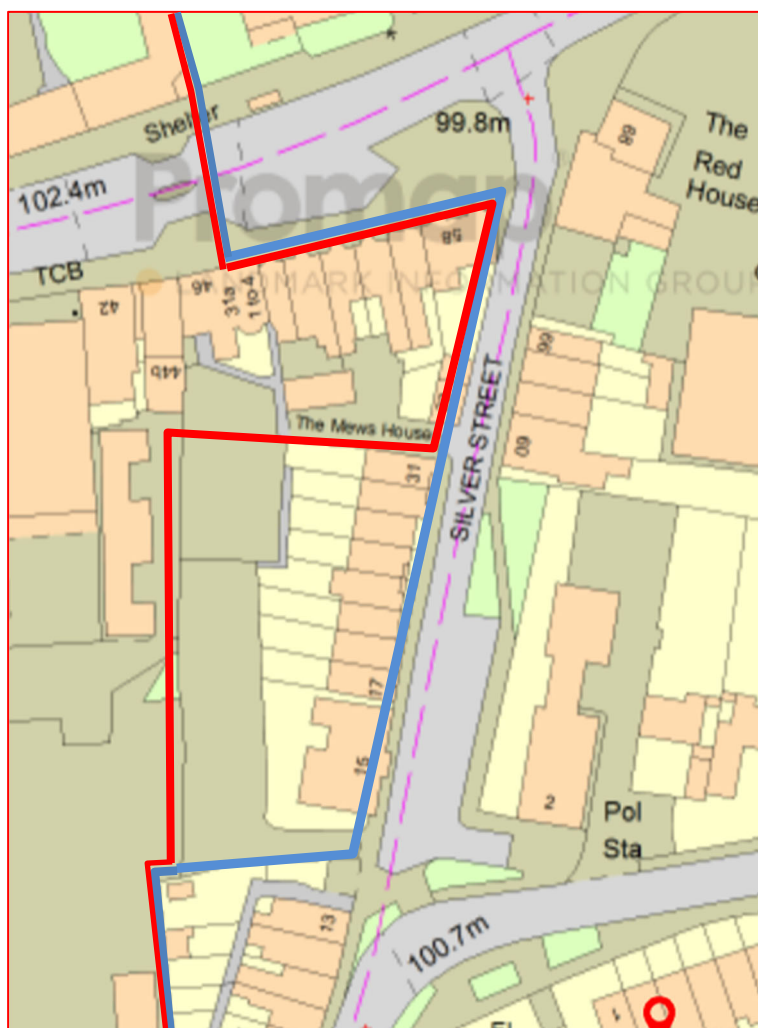
CHARD – RECOMMENDED CHANGES TO TOWN CENTRE / PRIMARY SHOPPING AREA BOUNDARY

KEY:

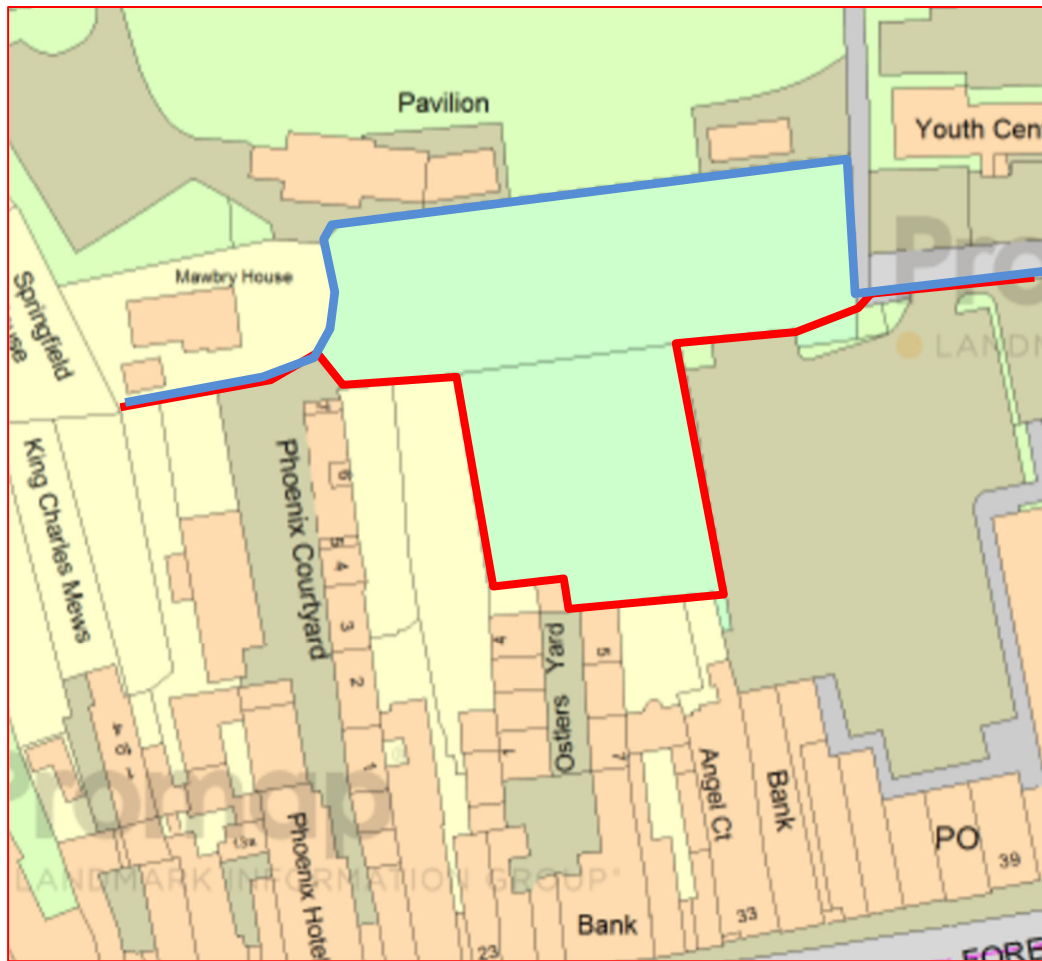
BLUE LINE – EXISTING TOWN CENTRE AREA BOUNDARY

RED LINE – PROPOSED TOWN CENTRE / PRIMARY SHOPPING AREA BOUNDARY

1 – SILVER STREET



2 – LAND TO THE NORTH OF FORE STREET



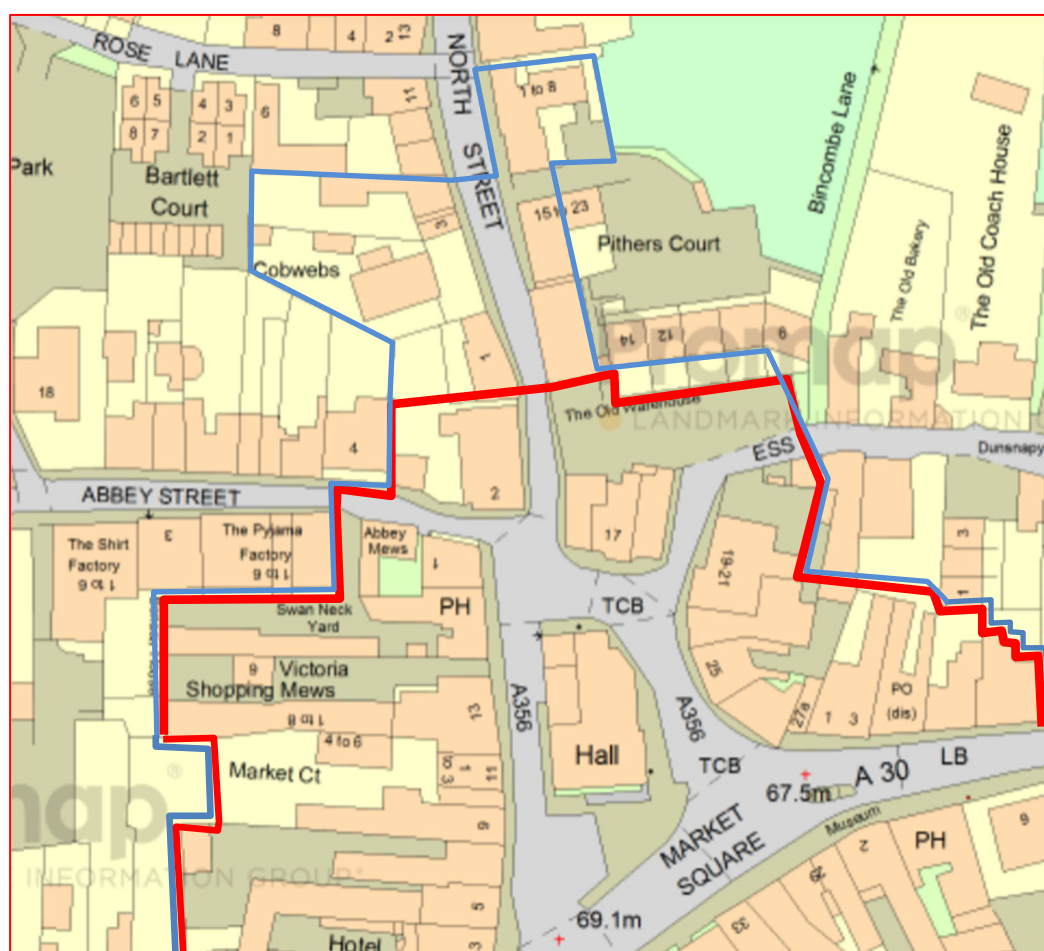
CREWKERNE – RECOMMENDED CHANGES TO TOWN CENTRE / PRIMARY SHOPPING AREA BOUNDARIES

KEY:

BLUE LINE – EXISTING BOUNDARY

RED LINE – PROPOSED TOWN CENTRE / PRIMARY SHOPPING AREA BOUNDARY

1 – Proposed amendments to combined town centre and primary shopping area boundary



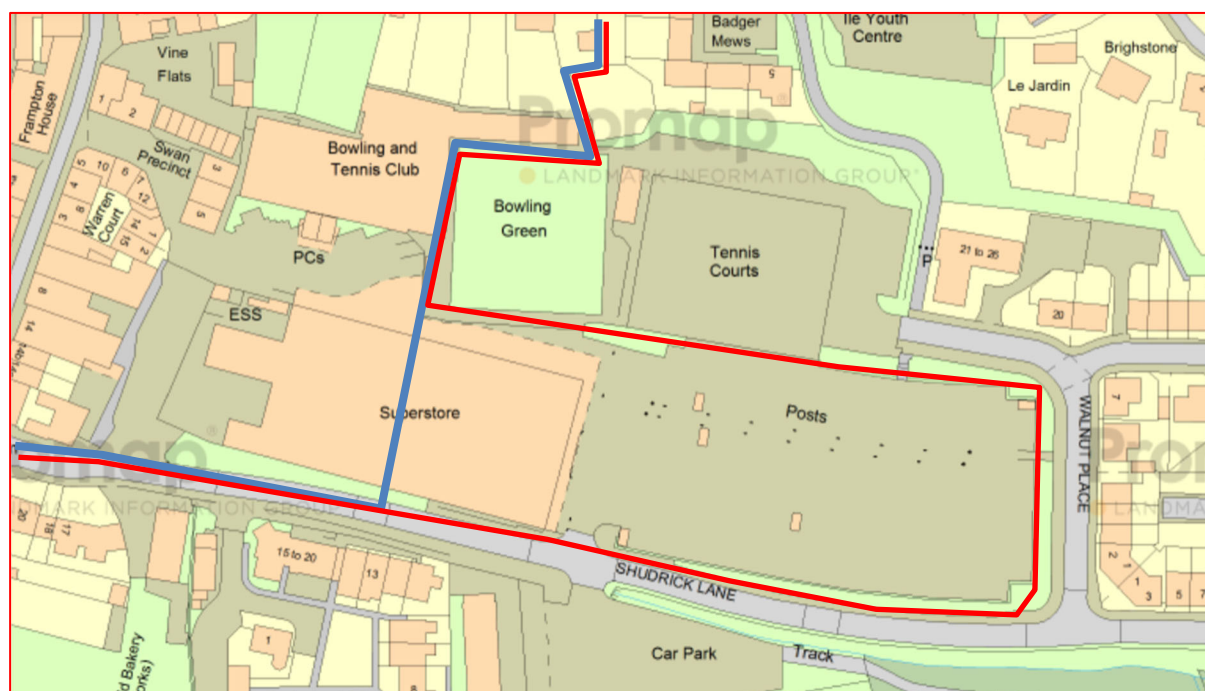
ILMINSTER – RECOMMENDED CHANGES TO TOWN CENTRE / PRIMARY SHOPPING AREA BOUNDARIES

KEY:

BLUE LINE – EXISTING BOUNDARY

RED LINE – PROPOSED TOWN CENTRE / PRIMARY SHOPPING AREA
BOUNDARY

1 – Proposed amendments to combined town centre and primary shopping area boundary



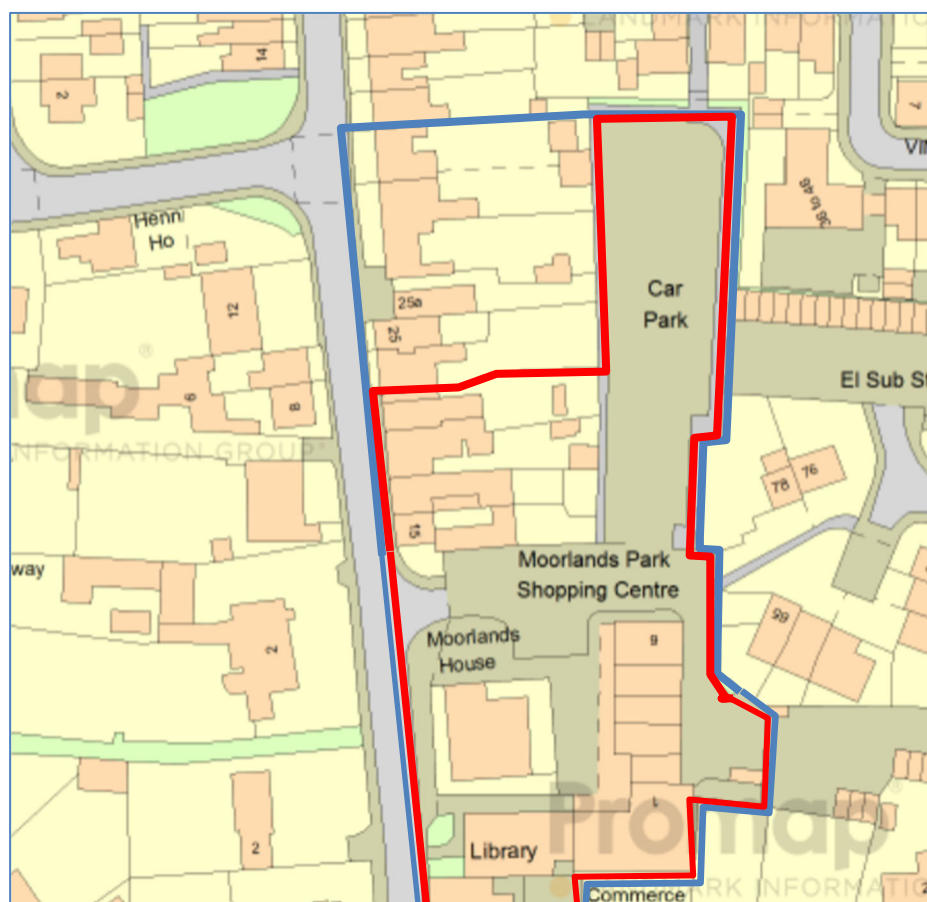
MARTOCK - RECOMMENDED CHANGES TO TOWN CENTRE / PRIMARY SHOPPING AREA BOUNDARIES

KEY:

BLUE LINE - EXISTING BOUNDARY

RED LINE - PROPOSED TOWN CENTRE / PRIMARY SHOPPING AREA
BOUNDARY

1 - Proposed amendments to combined town centre and primary shopping area boundary



MILBORNE PORT – RECOMMENDED CHANGES TO TOWN CENTRE / PRIMARY SHOPPING AREA BOUNDARIES

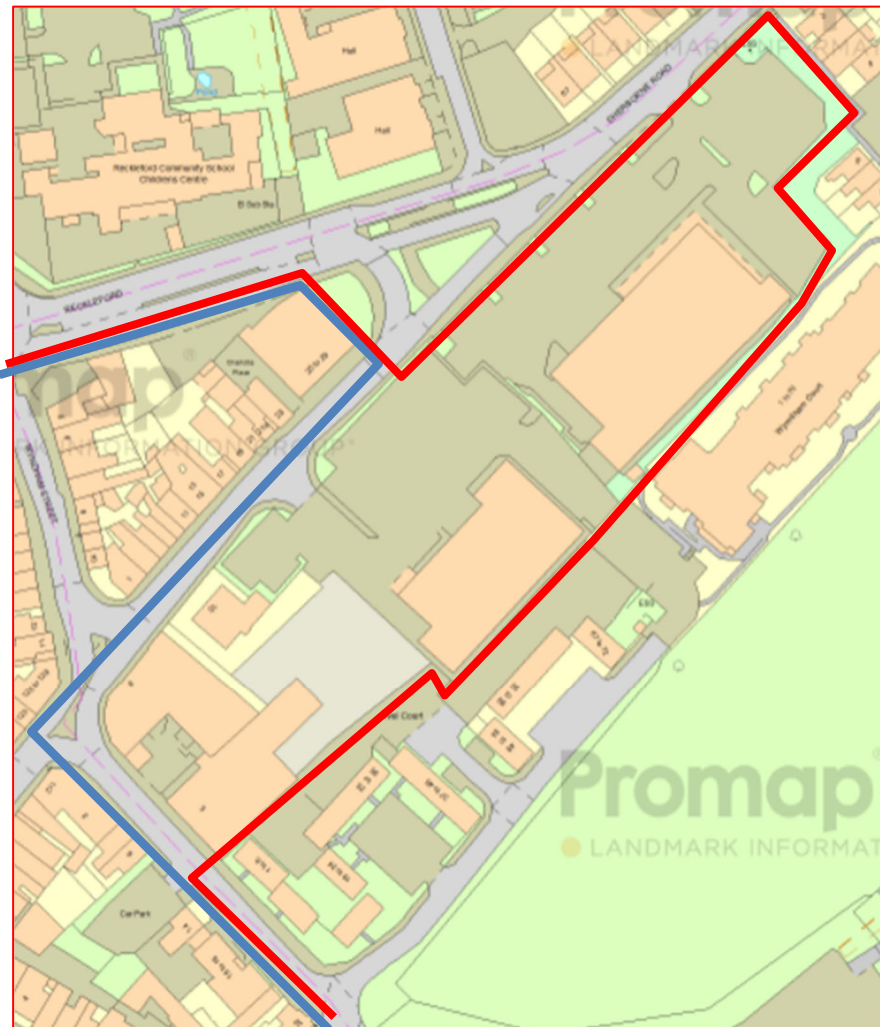
KEY:

BLUE LINE – EXISTING BOUNDARY

RED LINE – PROPOSED TOWN CENTRE / PRIMARY SHOPPING AREA BOUNDARY

1 – Proposed amendments to combined town centre and primary shopping area boundary





2 – RECOMMENDED CHANGES TO PRIMARY SHOPPING AREA BOUNDARY

